

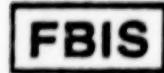
JPRS 84825

25 November 1983

# USSR Report

WORLD ECONOMY AND INTERNATIONAL RELATIONS

No. 8, August 1983



FOREIGN BROADCAST INFORMATION SERVICE

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25 November 1983

USSR REPORT  
WORLD ECONOMY AND INTERNATIONAL RELATIONS  
No. 8, August 1983

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

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PUBLICATION DATA

English title : WORLD ECONOMY AND INTERNATIONAL  
RELATIONS, No 8, August 1983

Russian title : MIROVAYA EKONOMIKA I MEZHDUNARODNYYE  
OTNOSHENIYA

Author (s) :

Editor (s) : Ya. S. Khavinson

Publishing House : Izdatel'stvo "Pravda"

Place of Publication : Moscow

Date of Publication : August 1983

Signed to press : 14 July 1983

Copies : 30,000

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ekonomika i mezdunarodnyye  
otnosheniya". 1983.

ENGLISH SUMMARIES OF MAJOR ARTICLES IN MEMO JOURNAL

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 83  
(signed to press 14 Jul 83) pp 158-159

[Text] V. Razmerov's article "Efficiency of Creative Leninism" focuses its attention on decisions of the June Plenary Meeting of the CPSU Central Committee, the tenth Session of the USSR Supreme Soviet and the Moscow summit meeting of the socialist countries on June 28, 1983. The author speaks about the importance of the theoretical elaboration of the problems of developed socialism and perfecting it in practice. He reveals why our concept of socialist world has been deepened and enriched. The articles analyzes the CPSU's and the Soviet state's peace-loving foreign policy, its innate consistency, firmness and constructive approach to the most important problems of home and international life. It also considers the Soviet Union's initiatives and proposals comprising an all-embracing programme of measures, from individual steps in the field of arms limitation to general and complete disarmament, including a total ban on nuclear weapons and their destruction--and stresses that the issue of the preservation of peace on earth is both today and in the foreseeable future the cardinal element of the foreign policy of our Party.

R. Ulyanovsky's article "The Development of the Revolutionary Process in Afghanistan" analyses the political and social changes which have taken place in the country during the five years of leadership of the People's Democratic Party, the political struggle in the country which is going on in extremely complicated internal and external political conditions. The principle difficulty for the revolutionary-liberating process here is the firm desire of foreign imperialism not to allow the existence of another free progressive state which is breaking away from capitalism as a system. The author points out that the April revolution in Afghanistan is a quite logical phenomenon arising from the natural historic development of society and only either ignorant people or overt enemies of Afghanistan can speak about its fortuitousness of the "hand of Moscow". The author notes that the development of the revolutionary process has once again distinctly confirmed that its tempo, scale and forms considerably depend on the level of organization and maturity of the political vanguard of the revolutionary forces--their Party.

A. Vavilov's article "Danger of Chemical Weapons: Ways of Its Removal" considers the problem of banning the development, production and stockpiling of chemical weapons and the complete destruction of these weapons. The author

depicts the development of the weapons of mass annihilation and gives a historic background of the negotiations for the banning of these weapons. The Soviet stand on this issue is laid down with special stress on the latest proposals of the USSR. The article analyses the present state of the negotiations on this matter and the essence of the existing discrepancies due to the U.S. unwillingness to renounce chemical weapons and to their new rearmament programs in this field. The author tells how the U.S., for the first time in world history, used chemical weapons on a mass scale in Indo-China and of the grave consequences of that action. The article exposes American slanderous statement to the effect that the USSR and its allies allegedly have used chemical weapons in Afghanistan and in Southeast Asia.

G. Skorov in the article "Armaments Race and the U.S. Economy" examines the impact of the military buildup on the state of the American economy. He consistently reviews the inflationary consequences of the defence programmes, the relationship between the present administration's military policy and the growing deficit of the Federal budget, the real effect of defence spending on economic growth. One of the conclusions of the article is that the "multiplier effect" of the defence programmes on economic activity has been grossly overstated. This was partly due to overlooking the changing nature of the defence sector itself. An attempt is also made to assess the magnitude of economic losses to the society which the military buildup represents. According to the author's calculations the U.S. will have spent on rearmament since the end of the Second World War up to 1986 over 6 trillion dollars (in 1980 dollars) as compared to 7.8 millions (in 1980 dollars) which is the total reproducible wealth of the country at the end of 1981. The net loss to the economy of such enormous scale is at the root of many economic problems which arose in the U.S. during the postwar decades.

The trade policy of the capitalist countries is one of the main factors influencing the international commerce. L. Sabelnikov in the article "Trade Policy of the Developed Capitalist countries in the 80's" features the increase of the scope of the international commercial transactions, the emergence of the new instruments of their governmental regulation involving crucial shifts in trade policy of the imperialist states.

The author primarily dwells upon the problems of the methods and particulars of the trade policy forecasting, emphasizing the existing difficulties and possible solutions on the analysis basis. Unstable economic development, shifts in the international division of labor, etc. accelerate the uncertainty of the named forecasting and assessment.

Furthermore, the author examines the new international phenomenon that, he believes, would effect essentially the trade policy making in the 80's, namely the new trends on the labor force market, natural resources, energy and food problems inducing international strain within the imperialist framework as well as between the developed and developing countries.

The thorough analysis of the new trends in the international trade provides for the conclusion about the aggravation of the imperialist contradictions.

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CSO: 1812/267-E

## UL'YANOVSKIY REVIEWS PROGRESS OF AFGHAN REVOLUTION

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 16-31

[R. Ul'yanovskiy article: "Development of the Revolutionary Process in Afghanistan"]

[Text] For 5 years now the Afghan people, led by the PDPA, have been persistently progressing along the road opened by the 1978 national democratic revolution. During this historically brief period Afghan society has undergone significant political and social transformations which could not have occurred in the country even in decades of its painful growth into capitalism under the aegis of the feudal landowning circles overthrown by the revolution. Millions of ordinary working people were drawn into the stormy vortex of sharp class struggle, the process of their political awakening was immeasurably accelerated, and on this basis the parameters of social poles and class interests emerged even more sharply.

The political struggle in Afghanistan is proceeding under extremely complicated domestic and foreign political conditions. We have already discussed them (footnote 1) (See VOPROSY ISTORII KPSS, No 4, 1982, pp 84-95). It is merely necessary to stress yet again that the duration and fierceness of the political struggle in today's Afghanistan do not stem from the heavy burden of the numerous social problems inherited by the people's system from previous regimes, nor from the mistakes made by the DRA party and state leadership during the first years of the revolution. The main and fundamental cause of the difficulties which the revolutionary liberation process has encountered here is the stubborn desire of imperialism and international reaction to prevent the existence of yet another free progressive state on the world map. The process of the April Revolution's development has proved convincingly once again that it is the intrigues by U.S. imperialism and the reactionary forces supported by it that constitute the chief barrier in the way of the people's national and social progress.

In their attempts to evade historical responsibility for the bloody crimes by their mercenaries in Afghanistan, imperialism and its ideologists are promoting the thesis that the April 1978 revolution is the product of a confluence of chance circumstances and that it was virtually "exported" there. These

claims are utterly false and cannot withstand a critical examination from the standpoint of the objective facts concerning the development of the revolutionary process in Afghanistan.

From the viewpoint of basic socioeconomic conditions, Afghan society was ripe--even overripe--long ago for an antifeudal national democratic revolution. The development of commodity-money relationships within it and the country's accelerating participation in international trade led more than 50 years ago to the emergence of centers of the capitalist system, which gradually expanded and inevitably broke down the feudal system. The growth of local capitalism was the pivotal factor in the gradual and painful transformation of the pre-capitalist social structure and the emergence of new social classes and social groups: the working class, the bourgeoisie, the secular intelligentsia, and the modern bureaucracy. The old feudal and tribal aristocracy was also deeply involved in market relations and, with the help of the state authorities, tried to accelerate their development in a direction advantageous for itself. The unrestrained expropriation and buying up of land and the subordination of agricultural production to the requirements of the foreign and domestic markets led to the peasantry's mass dispossession of land and the growth of usury bondage, and also caused in rural areas the complex processes of initial capitalist accumulation and social differentiation. As far back as the thirties the large merchant involved in foreign trade and agriculture, who had to some extent ousted the aristocratic nobility at the helm of the state, became the main figure on the Afghan scene along with the feudal lord.

In contrast with many colonial and dependent states, Afghanistan's struggle against British colonialism for the restoration of its independence occurred under the leadership of an absolute monarchy. The era of "enlightened Afghan absolutism" which followed in the twenties created around the monarchy the aura of a progressive force and bulwark of national sovereignty. For many decades the country's progressive circles linked their hopes for liberal reforms with the ruling dynasty.

At the beginning of the fifties, however, the new social strata and groups which had emerged as a result of the development of capitalism, and mainly the intelligentsia openly put forward for the first time the slogans of restricting the prerogatives of the ruling Mohammedzai clan and allowing non-aristocratic elements access to the levers of power. It is important to note that even back in that period anti-imperialist, and mainly anti-American feelings emerged among the democratic forces. True, the actions of the intelligentsia and the urban bourgeois strata were not yet directly aimed against the rule of the landowners and mercantile big capital. The middle strata's ideologists still made appeals to the ruling dynasty itself, nourished illusions about the "supraclass nature" of the monarchy, and believed in its ability to lead the country out of the socioeconomic blind alley. The revolutionary-democratic wing of the intelligentsia was just emerging in those years, and various groupings of a liberal monarchist type were mainly the basic spokesmen of social protest.

For numerous reasons, characteristic to some extent or other of all liberated countries, the development of Afghan capitalism in the postwar years was slow and distorted. It could not exist without state support. As a result of this the positions of the national bourgeoisie were weak and its claims to political power timid and inconsistent. The state sector of the economy, which had emerged by the mid-fifties, was used by the ruling circles as a means of alleviating the sharp social contradictions, and at the same time its development created the objective basis for exacerbating these contradictions by bringing about a growth of the army of hired labor. Accumulating in its hands considerable budgetary and loan funds, the state essentially fulfilled the social function which local capital could not fulfill because of its weakness. At the same time, the class orientation of the exploitation of this powerful lever was entirely dependent upon the interests of the very same commercial and landowning circles and aristocracy and of the privileged bureaucracy which wove them together.

As Afghan society was gradually transformed, the national intelligentsia began to play an increasingly noticeable role in its social structure. Its quantitative growth stemmed mainly from the development of the state apparatus and the building of a national army, as well as from the involvement of a relatively large number of educated people in the production and services spheres. A radicalization of the intelligentsia occurred under the influence of growing social contradictions, different ideological views and trends reflecting the broad range of approaches by social forces toward questions of socioeconomic development ripened within it, and there emerged groupings oriented toward different social strata. It was a specific characteristic of the revolutionary process in Afghanistan that the first organized grouping to take the form of a political party was founded in the early sixties by the leftwing radical section of the intelligentsia.

The PDPA, which emerged in 1965, became the first party in the country's history to reflect the interests of the young working class and all working people. Proceeding from an objective analysis of the social processes in the country and international experience of class struggle, the PDPA put forward the most important thesis that the people's liberation from privation and lack of rights was possible only under the leadership of national-democratic forces. It declared in its 1966 party program that the main question of the Afghan revolution must be the question of the transition of power from the bureaucratic and mercantile-landowning circles to a national-democratic government acting in the interests of the broad people's masses, including the middle and petty national bourgeoisie. The party proved that, because of their close links with feudalism and reaction, the country's ruling circles were incapable of ensuring the development of society even along the capitalist path and that this path, in itself, would not bring about the working people's liberation from poverty and backwardness. So as to unite opposition forces against the outdated semifeudal relations, it proposed the creation of a united national front of all progressive and patriotic forces and their organizations. It is important to note that at this time the party considered that a peaceful transition by Afghanistan to the noncapitalist path of development was possible.

The political activeness of practically all social groups in the country increased sharply from the mid-sixties. It was then that the young Afghan working class entered the arena of struggle, the students and lyceum pupils were in constant turmoil, political debates raged in the royal parliament, the curse of intelligentsia activities turned sharply upward, and social contradictions started emerging within army circles. The ideological spectrum of publications by the private press ranged extremely widely, from extreme left-wing-clerical views. The spreading social protest against the existing system created a dangerous threat for the ruling circles' course of leading the country to capitalism while preserving the power of the old social forces. The attempts by individual royal reformers to push social development along the antifeudal national-bourgeois path by means of moderate reforms ended in failure. This was hindered by their close ties with land ownership and the bureaucracy, their orientation toward alliance with imperialist forces, and also the furious resistance to innovations on the part of the right-wing Islamic organizations which emerged in the late sixties.

The PDPA began agitation and propaganda work among the intelligentsia, at industrial enterprises, and in the army in an attempt to unite the antifeudal and national democratic forces around its platform. At this stage in its activity the party was still relatively small (no more than 20,000 members by the mid-seventies) and poorly organized, had insufficient experience of political struggle, and was very strongly influenced by petty bourgeois elements and by the tribal, national, and ideological contradictions which rent Afghan society. All this was the main reason for the repeated splits within the PDPA, which weakened the ranks of revolutionary democracy.

In its theoretical documents and practical work, the party paid great attention to the participation of the working class in the revolutionary process. The Afghan proletariat was relatively young and small. It began to take shape only in the early decades of the 20th century. The general socioeconomic backwardness and mixed nature of society and the low level of development of capitalism left a strong imprint on the process of forming the proletariat. Close ties with the countryside and with the petty bourgeois and semiproletarian strata in the cities, the dispersal of workers in a large number of small enterprises, the mass illiteracy of the working people, and the strong influence of the prejudices of the nonproletarian environment hindered the formation of a class consciousness among workers. The existence of a vast pool of available manpower in the cities held back the growth in the level of workers' wages and doomed them to an existence of semistarvation and utter dependence on employers' whims. The labor law adopted back in 1946 did not envisage the right to strike or to conclude collective contracts. Until the April Revolution, workers did not even have the right to form trade unions. Their unification was hindered by the分裂ist activity of various nationalist and clerical groupings which set some detachments of the proletariat against others. The ruling circles and organizations of a bourgeois outlook strove to implant reformist ideology among the working class and to reduce the influence of the revolutionary intelligentsia on it.

Despite the difficulties in their development, however, the Afghan workers announced themselves as an independent force as far back as the sixties. With the PDPA's formation, work began to introduce elements of the scientific, progressive world outlook into the proletarian environment, groups were set up at enterprises, and leaflets were distributed. The workers' lack of rights and their difficult working and living conditions inevitably pushed them onto the path of mass struggle. In 1965 through 1973 alone PDPA factions organized over 2,000 meetings, demonstrations, and protest marches in which thousands of state and private enterprise workers took part. The strike struggle in those years was a vivid indication of the growth in the Afghan proletariat's political activeness and an important stage in its transformation from a "class within itself" to a "class for itself." That struggle prepared workers for the future political battles, in which they became an active participant in the period after the April Revolution. Assessing the proletarian's actions in those years, B. Karmal wrote in the newspaper PARCHAM: "In the course of further struggle, the working class, fulfilling its historic missions, will lead Afghanistan's national democratic movement and, in close alliance with the peasants and other democratic forces and honest elements will bring it to its goal" (Footnote 2) (PARCHAM, 21 October 1968 [In Dari]).

By the beginning of the April Revolution the Afghan proletariat already numbered 300,000 people, but the number of factory and plant workers was still small and did not exceed 60,000. Artisans numbered about 600,000. The concentration of the proletariat had increased considerably, and up to 1/2 of the industrial workers were concentrated at enterprises employing over 500 people. The level of working class literacy had risen, and cadres of hereditary proletarians had formed. All this created more favorable conditions for the PDPA's political work among the workers. Illegal trade unions operating in the guise of mutual aid funds arose in embryonic form at some enterprises from the mid-seventies. However, on the eve of the revolution the stratum of workers within the PDPA remained small.

The policy of revolutionary Afghan democracy attached fundamental significance to the agrarian and peasant question. Prior to the April Revolution the country's agrarian system was in a transitional stage, and on the whole was characterized by the predominance of semifeudal, mercantile and moneylending methods of exploiting the peasantry, methods characteristic of the initial stages of capitalist evolution. At the same time, very powerful remnants of the feudal system still existed in this, the sphere of material production under Afghanistan's conditions. The large landowner class, numbering no more than 10,000 families and comprising less than 1 percent of the total number of landowners, owned 20 percent of the prime cultivable land. At the same time the 100,000 peasant families owning a little land had just 8 percent of the cultivable area, and a further 412,000 peasant families had no land at all. The fact that the peasants had little or no land, the very acute problems of the use of water and the distribution of pasturage, the bondage of usury, the difficult land-leasing terms, and the parasitical existence of most large landowners were the main factors slowing the development of agricultural production. The static forms of relations in the agrarian sphere were maintained by the state apparatus of coercion and by age-old traditions and customs.

The PDPA was the first Afghan political party to include in its program, as early as 1966, the question of the need to implement a democratic land reform in the peasantry's interests and to eliminate the semifeudal setup in the countryside. In its press organs, from the parliamentary platform, and in practical work among the population, the party's representatives tried to mobilize public opinion in favor of such a reform by stressing its historical inevitability. However, the involvement of the peasants themselves in the political struggle was a very difficult matter. The peasants' almost total illiteracy, their traditional dependence on the landowners, the dominance of religious prejudices, the influence of local leaders, and the "sacred" authority of private property hindered the development of a class consciousness among the rural poor. This was also the aim of the assurances of the representatives of official circles, who promised to implement agrarian transformations from above. The different pro-bourgeois, including nationalist and Islamic, organizations had no clear approach to the solution of the land and water problems and essentially were pinning their hopes on state assistance to agriculture.

The nationalities question was an important element of the political struggle in prerevolutionary Afghanistan. More than 20 different peoples belonging to 5 ethnic groups live in this multinational country. The main national population groups are as follows: Pushtuns (over 8 million people), Tajiks (over 3 million), Uzbeks (about 1.5 million), Hazara (over 1 million), Turkoman (up to 500,000), and Baluchis (about 200,000). In addition, (Charaymaki), Kirghiz, Nuristanis, Arabs, Kurds, and others also live in the country. In addition to their different proportional weight within the population structure, the national groups were distinguished by different levels of socioeconomic development and unequal roles in sociopolitical life.

The Pushtun population is compactly located in the so-called tribal zone stretching along the border with Pakistan (which is around 1,000 km long and has an average width of 120km), where more than 4 million people live (footnote 3) (As a result of British colonial policy the Pushtun tribes were divided by the so-called Durand Line, and around 12 million Pushtuns now live on Pakistani territory). As a result of the struggle for the best land and the ruling circles' resettlement policy the Pushtuns settled almost all the country's southern areas and part of Herat Province, and also advanced into northern regions. The Tajik population is scattered throughout Afghanistan, but the bulk of it is concentrated in the cities and in the northern provinces. National minorities like the Uzbeks, Turkomans, Kirghiz, Arabs, and others also live in the north. The Hazara chiefly populate the country's central highland region [Khazaradisat], the Nuristanis live mainly in Konarha Province, and the Baluchis occupy the southwestern part of Afghanistan.

In connection with the fact that they formed the nucleus of the formation of an independent Afghan state (1747), the social status of the warlike Pushtun tribes, which gradually colonized the remaining areas of the country, was traditionally regarded as privileged. The aristocratic elite and army's officer cadres came largely from their ranks. For their historic services in the struggle against the British colonialists some large Pushtun tribes were exempted from taxes and military service. The policy of prerevolutionary Afghanistan's ruling circles toward the "tribal zone," where effective power

remained in the hands of tribal chiefs and elders, showed a protective attitude. Despite the fact that commodity-money relations had deeply penetrated the tribes' life and given rise to considerable property differentiation, their military-tribal organization, traditions, and customs survive to this day.

Many areas densely settled by national minorities (Hazara, Nuristanis, Baluchis, Turkomans, Kirghiz, and others) lagged far behind the level of social, economic, and cultural development of the relatively developed zones of commodity farming and industry like the Kabul, Herat, Qandahar, Balkh, and Nangarhar zones. Feudal and even tribal relations were stronger there than in the country in general. Social oppression by their "own" landowners, bays, and khans was compounded for the minorities' working people by a national factor since the local state apparatus would, in most cases, be staffed with Pushtuns and Tajiks.

The country's social and economic backwardness, the uneven development of its individual regions, and the ruling circles' policy hampered the process of forming a bourgeois Afghan nation. As the sociopolitical crisis in the country mounted the various opposition forces' ideological actions began to assume a national guise. By the end of the sixties the ("setam e melli") ("National Oppression") grouping was pleading the cause of the national minorities living mainly in the northern part of Afghanistan. It urged Tajiks, Uzbeks, Turkomans, and others to rise up against the "Pushtun dictatorship" and create their own state. This group essentially expressed largely the interests of the national minorities' petty and middle bourgeoisie. Another organization--("Afghan miliyat") ("The Afghan Nation")--called, on the other hand, for the Pushtun population's interests to be defended and for a "greater Pushtunistan" to be created by annexing Pakistan's Pushtun population to Afghanistan. Although it called itself a "social democratic party," ("Afghan miliyat") actually preached nationalist views.

In addition to the aforementioned parties, other organizations, including some of clerical type, were active among the national minorities, seeking to rally the various ethnic minorities under the aegis of their "own" exploiter elements.

The nationalist parties and organizations objectively undermined the ruling circles' position, but at the same time posed a serious threat to the revolutionary movement's unity, split the front of left-wing forces and exacerbated interethnic discord. In the publications of both its factions (KHALI and PARCHAM) the PDPA invariably stressed the need to improve the national minorities' position and called on all working people and patriotic forces, regardless of nationality, to unite against the common enemy--the feudal lords, bureaucrats, and moneylenders--in order to solve the nationalities question democratically in the course of progressive reforms. Representatives of all the country's main national groups joined the leadership of the party itself at its first congress.

A description of the opposition forces would be incomplete without a mention of the ultraleftwing ("Shoulee dzhavid") ("Eternal Flame") organization, which came into being in 1968. Reflecting on the whole the views of petty bourgeoisie and lumpen proletariat strata, this party rejected the PDPA's idea of creating a united antifeudal front of left-wing forces. It belittled the importance of legal forms of struggle, regarded the peasantry as the leading revolutionary

force, and called on workers to stage an immediate armed insurrection. Instead of engaging in consistent work among the working people aimed at awakening their class consciousness and uniting the working people's masses, this party pushed the people onto the road of adventures and conspiracies. Opposing scientific revolutionary theory, the leftists made the PDPA the main target of their criticisms.

The development of the revolutionary process also drew the clergy, a powerful force in the Afghan context, into its orbit. In a situation where Islam remained the dominant form of social consciousness the religion's many clergy (estimated at around 250,000 people) exerted an enormous influence on the population and played a big part in the country's political life. Their positions were strongest in rural areas, where the mullah would generally be elder, main ideologist, teacher, and judge. Being in the midst of the people's masses, the grassroots clergy, who were often extremely poor, reacted sensitively to changes in the social climate. They tried to channel the growing grassroots dissatisfaction to their own advantage, but often also defended their flock against the tyranny of officials and the rich. In the arduous years of the country's struggle against British colonialism for national independence many mullahs organized armed detachments of the population and won great respect among the people. At the same time, because of their special status in society the clergy were more often a conservative force that sought to preserve the inviolability of traditional social foundations and moral values.

It should be noted that Islam in Afghanistan is characterized by poor organization and heterogeneity. Unlike the Shi'ite trend in Islam (which predominates in Iran, for example), the Sunni trend, which is widespread among the majority of the Afghan population, prescribes no strict clerical hierarchy or universally acknowledge religious authority. As a result of this there has always been great friction and rivalry for dominant influence among the local clergy. The spiritual authority of individual leaders did not, as a rule, extend beyond a particular locality. On the other hand, Afghanistan's Shi'ite Muslims (the Hazara) and the Ismailis (a section of the population of Badakhshan) had their own leaders, who were antagonistic to the Sunni mullahs. Giving rise to a keen sense of distrust and hostility toward representatives of other sects, religious differences made it difficult to organize the working people.

The high clergy, who were part of the ruling classes, played a special role in Afghanistan. The most prominent spiritual leaders such as (Mudzhadadi), (Gilyani), (Togzai), (Kiyani), (Vaezy), and others led whole family clans with several thousand (myurids) (followers) each. Many of them possessed major tracts of land and real estate in the cities, took part in trading companies, and had considerable sums of money in foreign bank accounts. These family corporations were represented in the royal parliament and occupied posts in the highest levels of the state apparatus and judicial system. However, their interests did not always or in everything completely coincide with the policy of the ruling dynasty. They endeavored to strengthen the high clergy's control over the direction of social development and with this aim in view made broad use of Islamic ideology.

Unlike the grassroots and middle clergy, many spiritual leaders had a great store of knowledge obtained in Muslim countries or in the West. With the aid of this they substantiated the idea of the "Islamic way," which essentially boiled down to a variety of the private capitalist path of development. Their criticism was spearheaded against the activity of democratic organizations, primarily the PDPA. The most farsighted Islamic ideologists saw the danger to the existing system in the growth of the class struggle and tried to seize the political initiative. They reproved the government bureaucracy for conniving at "seditious views," intimidated it with "godless communism," attacked the traditional Soviet-Afghan friendship, and tried to push Afghanistan from a position of nonalignment and move it closer to countries in which reactionary Muslim regimes had been established. The most important feature of this wing of the clergy was its very close political, ideological, and economic links with imperialism and certain conservative Arab states.

In the considerable aggravation of the political struggle in the sixties the high Islamic clergy created its own party--the "Muslim Brotherhood," which brought together representatives of officialdom, students, and officers. The organization's chief task--and this must be stressed--was the struggle against left-wing democratic forces, the utmost opposition to the dissemination of progressive views and ideas in the country, and broad propaganda among the population of the need to submit to the spiritual authorities and Islamic dogmas.

The emergence of the "brotherhood" into the arena of political struggle was accompanied by a bloody campaign of terror toward all dissenters: students were killed for holding progressive convictions, physical reprisals were staged against PDPA members, women who were not wearing the veil had acid thrown at them, and demonstrations by fanatics and street clashes with democratic elements were organized. Using extensive "donations" from the high clergy, the organization won over lumpen elements, split the worker milieu, incited nationalist passions, and execrated progressive teachings. Later, under M. Daud's republic (1973-1978), the "Muslim Brotherhood" repeatedly took part in organizing plots and murdered statesmen. In this period the party transferred its headquarters to the territory of Pakistan and established direct links with the CIA.

The republican government of M. Daud was the last attempt by the supporters of the capitalist path of development to change the correlation of class forces in Afghanistan in their own favor and avert the approaching social explosion. After coming to power on a wave of acute social dissatisfaction and with the assistance of progressive elements in the army, M. Daud's regime soon degenerated into a kind of substitute bourgeois government attempting to speed up the country's development in a capitalist direction under the control of national bourgeois circles.

Having obtained the support of democratic forces, including both PDPA factions, M. Daud was able in the first 2 years to implement a number of measures of nationwide significance (expansion of the positions of the state sector, partial improvement of the situation of the workers, and nationalization of a number of private companies and banks). However, he was unable to overcome

the opposition of the bureaucracy, landowners, and compradors or to carry out land reform or democratization of public life. What is more, under the influence of internal and external reaction persecution of progressive figures began, purges of "unreliables" in the state apparatus and army were carried out, and negative tendencies emerged in the sphere of foreign policy. As a result the 1973 coup remained a coup and did not assume the proportions of a revolution. The trend toward the capitalist development of Afghanistan again came to a standstill since it had neither a firm socioeconomic basis nor a sufficient number of consistent supporters. The last reserves of the semi-feudal system were exhausted, and social development inexorably placed on the agenda the question of a national democratic revolution. There was no other way out of the profound political, economic, and ideological crisis that had dragged on for several years.

Thus the April Revolution in Afghanistan was a perfectly natural [zakonomernyy] phenomenon prepared by the whole of the preceding natural historic development of Afghan society. Only either uninformed people or overt enemies of Afghanistan can speak of its chance nature and immaturity or of the "hand of Moscow" in its preparation. When it comes to the degree of maturity of the objective preconditions of revolution, we can say that among the developing states which have been drawn into the orbit of the world capitalist economy there are virtually no countries now which are not ripe for revolutionary changes. The question is simply this: for what specific sort of revolution do the objective preconditions in any particular country exist, to what degree is the subjective factor prepared for this kind of revolution, and how favorable are the external conditions for it?

## II

The antifeudal and anti-imperialist revolution in Afghan conditions was effected and is developing under the leadership of a revolutionary party, unlike Iran, for instance, where it is proceeding under the political leadership of the Shi'ite clergy. And this too is perfectly natural, for at that time there was no other organized force in Afghanistan capable of seizing political power. The unification in summer 1977 of the two PDPA factions accelerated the maturing of the subjective factor in the national democratic revolution. However, as subsequent events showed, organic unity of the party had still not been achieved at this time. Later this circumstance had an adverse effect on the development of the revolutionary process in the country.

The April Revolution began with a virtually bloodless coup carried out by units of the national armed forces. The leadership of the uprising by the PDPA, the decisive removal from police top brass, and the creation of organs of power and administration from among representatives of the progressive intelligentsia and in part of the working people attested that a political revolution was taking place in the country. And when the revolutionary authorities used legislative means to liquidate as a class the big landowners and money-lenders, started a land reform in the interests of the peasants, put trading capital under state control, took measures to improve the situation of workers and employees, and developed the activity of mass public organizations, it

became clear that the political revolution in Afghanistan was at the same time a social revolution. In other words, the April Revolution was not limited to the substitution of one political regime for another while preserving basic property relations unchanged. It went further and did not stop halfway.

The development of the revolutionary process in Afghanistan since 1978 has once more confirmed quite plainly the fact that its pace, scale, and forms depend tremendously on the degree of organization and maturity of the political vanguard of the revolutionary forces--their party. Considering the 5 year's experience in the development of the revolution, it may be said that the PDPA's leading role in society as the foremost detachment of the working class and all working people is growing steadily. It is strengthening organizationally and is resolving increasingly purposefully the tasks of further socioeconomic development and the suppression of the counterrevolution. The tragic events in the party connected with its split during the first stage of the revolution weakened the PDPA's ability to resist the onslaught of hostile forces and impaired its authority among the population. The predominance of petty bourgeois and nationalist elements of the H. Amin type in the party leadership led to voluntarism in formulating important political decisions, which frequently failed to take account of the specific historical situation in the country and failed to accord with the tasks of the revolution's national democratic stage.

At the new stage of the revolution, which began in December 1979, the threat of the party's bureaucratic degeneration and its divorce from its social base was liquidated. The DRA party and state leadership headed by B. Karmal began work aimed at restoring the party's authority among the masses, ending the factional struggle in it, and ensuring the organic unity of the party ranks. Addressing a routine (July 1983) PDPA Central Committee Plenum, B. Karmal stressed that without unity there is no party, and without a monolithic party there is no victory. Despite the fact that the party leads the struggle against the armed counterrevolution--in other words, that it is under extremely hard conditions--its numerical strength over these years has not only not fallen but has increased considerably--from 20,000 to over 90,000 PDPA members and candidate members. From March 1982 through March 1983, the party's membership increased almost 35 percent. Now strong party organizations exist in all echelons of the state apparatus, the armed forces, industrial enterprises, and all organs of management at provincial and district level. The mass public organizations created during the revolution like the trade unions (162,000 members), the youth organization (100,000 members), the women's organization (14,000 members), the intelligentsia unions, and others are operating under the party's leadership. They are important bearers of the party's influence among the masses and promote the involvement of various public forces in the process of socioeconomic transformations.

The holding in March 1982 of the first PDPA nationwide conference, which adopted the "action program"--the party's chief political and theoretical document--was evidence of the growth of the party's political, organizational, and ideological maturity. The need for the new program was dictated by the fact that, having achieved the main strategic goal of its first program--the winning of political power and the choice of the national democratic path of

development--the PDPA needed a long-term action program taking into account the specific conditions of the April Revolution. It was necessary to arm the party members and progressive forces with a scientific analysis of the national democratic stage of the revolution, to define the circle of its participants and allies, and to set the party organizations specific tasks in the field of state, economic, cultural, and party building.

In this document the party openly told the people that, as a result of counter-revolution's actions, supported by imperialism, and also as a result of the grave errors of the DRA's previous party and state leadership, the transformations initiated in the working people's interests had been slowed down and the PDPA had been obliged to restructure all its activity to fit the new conditions of the revolution's development. The party resolutely denounced attempts to leapfrog essential stages in the national democratic revolution and emphasized the importance of its prime aim of rallying all democratic and patriotic forces in the National Fatherland Front (formed in 1981). The significance of the "action program" also lies in the fact that it defines the line toward long-term cooperation between the power of the working people (workers, peasants, and intelligentsia) and the national bourgeoisie, merchants, and other entrepreneurial strata with a view to the country's economic development. The period of its operation is determined by the tasks of the entire national democratic stage of the revolution, and the creation of a society free from exploitation of man by man is proclaimed as its ultimate goal.

The national democratic revolution was greeted literally with bayonets by internal and external reaction, and consequently the revolutionary process in Afghanistan has assumed at the present stage the form of an armed struggle by the supporters of the new power against the counterrevolution supported from abroad. The counterrevolution's basic nucleus, in the shape of various extreme right-wing, nationalist, extreme left-wing, and clerical groupings and parties had taken shape, as has already been noted, long before the April Revolution. If at that time their activity was directed mainly against the left-wing democratic forces, now the revolution itself and the people's power have become the target of these groupings. It is the counterrevolutionary forces which are historically responsible before the Afghan people for the pain and blood involved in the birth of the new society. The ranks of these forces were swelled after April 1978 by members of those classes and strata whose interests the revolution had encroached on (big landowners, usurers, the comprador bourgeoisie, the overthrown bureaucratic elite, the antipopular wing of the clergy, and officers dismissed from the army). As a rule, representatives of these social groups head the Afghan counterrevolution's organizations abroad and the gangs of rebels operating within the country. Together with them, some of the working population (mainly the rural population) who, duped by the Islamic theologians, followed traditionalist leaders contrary to their own class interests, were enlisted in the bandit movement by force or intimidation. Other Afghans, succumbing to the influence of counterrevolutionary propaganda, left their motherland and are being subjected abroad to intensive ideological indoctrination in a spirit hostile to the revolution by Afghan political emigres, the Western intelligence services, and some Muslim states.

The events in Afghanistan attracted the close attention of the U.S. imperialists and their allies from the very first days of the April Revolution. In determining their attitude toward them, they considered their long-standing sympathies for the antidemocratic Afghan opposition and for the procapitalist elements in the country's former leadership and the West's desire, dating back many years, to draw the country into the orbit of anti-Soviet blocs and alliances. The emergence within the U.S. Administration of the course toward renouncing the relaxation of international tension and the victory of the anti-imperialist revolution in Iran impelled the U.S. "hawks" to interfere in the DRA's internal affairs on the side of the counterrevolutionary forces. Subsequently the mechanism of NATO political ties went to work, involving other Western countries in the anti-Afghan campaign.

According to figures cited recently by B. Karmal in a talk with a correspondent of the Indian newspaper THE PATRIOT, in the years since the April Revolution the United States has rendered aid totalling \$218 million to the Afghan insurgents, Britain has rendered aid worth 18 million pounds sterling and the FRG has rendered aid worth DM60 million. Substantial sums for the same purposes have also been earmarked by reactionary Arab regimes, China, and the anti-Afghan Iranian ayatollahs. Terrorist groups for dispatch to the DRA are being trained on expanding scales on the territory of a number of states adjacent to the DRA with the aid of foreign instructors. As the Afghan Government's official documents have frequently stated, the coordinated attempts by the imperialist states and their allies and Afghan counterrevolution to overthrow the revolutionary regime in the DRA by armed means have assumed the dimensions of a veritable undeclared war against a people who have chosen the path of social liberation.

Under the prevailing conditions, firmly following its treaty commitments and in strict accordance with the norms of international law, the Soviet Union came to the aid of the friendly neighboring people, sending a limited contingent of its troops to the DRA in December 1979 at the request of the country's lawful government. This showed the Soviet people's profound internationalism and their traditional sympathies, which emerged back in 1919, with the Afghans' struggle for their freedom and independence. As B. Karmal stressed in the interview we have already cited, the Soviet military contingent "is performing the role of a reserve force and guarantor in safeguarding our country's national sovereignty, independence, and freedom against any types of armed aggression by the imperialist forces, the role of a guarantor of peace and stability in the region."

Apart from armed resistance to the DRA authorities, the Afghan counterrevolution and its advisers from the Western intelligence services are waging broad-scale "psychological warfare" against the people's system, using in their propaganda both traditional slogans (of the "Islam in danger" and "Down with Communist" type, and so forth) and relatively new slogans ("long live the Islamic republic," "Afghanistan for the Afghans"). Numerous counterrevolutionary organizations are operating in the sphere of the ideological struggle with their own specific slogans: Some are allegedly fighting for the interests of particular national minorities, others are struggling for the purity of their faith, others are acting in the name of the Pushtuns, others even

in defense of democracy, and so forth. However, for all the diversity of these slogans, they have the same--counterrevolutionary--content and as a rule one dominant form: religion. Camouflaging its class goals in the green colors of Islam, the counterrevolution is seeking to play on the traditionally strong religious feelings of the Afghans and to make the Muslim clergy, who have tremendous influence on the population, particularly in rural areas, the bearers of its ideas.

The keen social struggle in Afghanistan has caught up virtually all social classes and strata in its wake. The comparatively small national intelligentsia (about 100,000 people on the eve of the revolution), which has traditionally played the role of chief barometer of the political mood in Afghan society, has also found itself with the influence of its poles. The behavior of this stratum, the most sensitive to social problems, in the process of the April Revolution has been disparate. One section, linked ideologically and materially with the exploiter classes and their patrons abroad, has joined the camp of the counterrevolution, in whose midst it is playing a marked political role. Another, large, section of the intelligentsia has failed to understand the essence of the events taking place, has succumbed to the influence of hostile Western propaganda, has been torn from its native soil by this hurricane of lies, and has emigrated. Another group, within the country, has still not determined its attitude toward the revolution and is adopting temporizing stances. A fourth group of the intelligentsia--revolutionary democrats, patriots, honest state employees, officers, teachers, and the majority of the students and schoolchildren--has firmly linked its fate with the people and is now one of the country's leading social forces.

It would be wrong to think that the ferment in the minds of the national intelligentsia has ended and that it has divided along the above-mentioned lines as rigidly as in our analysis. In reality everything is, of course, far more complex. In less than 7 years (1973 through 1979) a minimum of three political regimes (the monarchist regime, Daud's regime, and Amin's regime) succeeded each other before the intelligentsia's eyes, several heads of state fell, and several political storms swept by. Decades of stagnant forms of political life, like a giant spring, have unwound in such a brief space of time the traditional notions have been overturned in the minds of many Afghans. The intelligentsia, and it is not alone, being socially heterogeneous, has proved even more ideologically fragmented and has hesitated, not knowing which way to go. It is very difficult to find one's way in this complex kaleidoscope of events, ideas, and movements over the past few years, even in an academic analysis using dialectical logic. Many of the direct participants in this segment of national history are as yet unable to do this. Honest, wavering Afghans need a certain amount of time, plainly quite a lot of time, to correctly interpret the essence of the processes taking place. There is no doubt that the time factor will "get to work" and that many of those who were abroad at this historic turning point will return home and take their place in the process of revolutionary transformations.

During the revolution there has been a considerable increase in the working people's activeness. It is primarily a case of the working class, whose

political role in the process of socioeconomic transformations has proved considerably greater than its relative weight in the social structure (right now, including industrial, construction, transport, and agricultural worker and those employed in small-scale production, its numbers are close to 0.5 million). The victory of the revolution gave the workers the right to create trade unions and conclude collective contracts with enterprise administrations, led to an improvement in their working and living conditions, and created preconditions for accelerating the proletariat's class maturation. The working class' new place in the Afghan political system as the main bulwark of power has been enshrined in the country's provisional constitution and in a number of other legislative acts. Their participation in the movement for productive labor, the creation of voluntary detachments for the defense of the revolution, and the active struggle against insurgents in the ranks of the regular army and the people's militia have become important forms of the manifestation of proletarians' attitude toward the revolutionary state. The workers' participation in the armed struggle against the counterrevolution has raised the proletarian movement in Afghanistan to a qualitatively new level.

The counterrevolution understands and sees clearly the strength of the working man. That is why it is seeking to wrest the working people from the revolutionary authorities, and to this end it disseminates phony rumors among them, tries to instill in the workers distrust in the future of the revolution, speculates on temporary economic difficulties, and exploits religious feelings for its own squalid purposes.

The enhancement of the working class' political and production activeness during the revolution is not a spontaneous process. The working people's behavior in these stormy years is determined both by the very nature of the national democratic revolution, which is designed primarily to resolve the working people's urgent problems, and by the PDPA's purposeful activity. Guided by progressive revolutionary theory, the party constantly emphasizes in its documents the working class' leading role in the revolutionary process, and performs constant work on the proletariat's political enlightenment and its all-around involvement in public life. In recent years there has been a stronger influx of representatives of the workers and peasants into the PDPA. Thus, of party members admitted in 1981 through 1982, some 40 percent were workers and peasants. At many enterprises and establishments groups of party sympathizers have been formed, and ideological work among workers and artisans is being stepped up.

The line toward increasing the role of the working masses in revolutionary creation has also been reflected in the makeup of the state's leading organs. Thus, two workers were brought into the DRA's supreme organ--the Revolutionary Council--in 1981 and the National Fatherland Front Executive Committee includes five workers' representatives and two artisans' representatives (of these, two are women). Individual workers have been promoted to leading work in the state apparatus; one of them, for instance, holds the post of deputy minister. With a view to strengthening the links between the party and trade unions, the chairman of the trade unions' supreme organ has been admitted as a candidate member of the PDPA Central Committee of the Kabul city party committee's 29 members, 5 are now workers.

The PDPA's policy with regard to the working class is scientifically substantiated in the "action program." The program sets the task of ensuring that the workers employed in the state sector are the most rapidly growing and most organized force, and envisages measures to improve the working people's working and living conditions, boost the trade union movement, enhance the working class' general educational and cultural standard, and strengthen the alliance between the workers and peasants. The attention paid by the DRA party and state leadership to the working class' problems is constantly increasing. These problems featured prominently at the Ninth PDPA Central Committee Plenum, held in August 1982. It was noted in B. Karmal's speech, in particular, that the considerable influx of workers and peasants into the party represents a new aspect in the life of a party which still retains the nature of a "party of the intelligentsia. The workers and peasants who have joined its ranks are well aware of the needs of the ordinary people and they must be involved more extensively in work among the masses. B. Karmal criticized the party workers who do not see the full extent of the importance of the process of changing the party's social composition.

Something that is of fundamental importance for the fate of the Afghan revolution is a correct approach to the problems of the most massive contingent of participants in the revolution--the peasantry. The PDPA's historical merit was that for the first time in Afghan history it advanced as one of its main objectives the peasantry's liberation from oppression by big landowners and moneylenders by means of a radical and democratic land reform. During the first stage of the revolution, in accordance with DRA Revolutionary Council Decree No 6 peasants were freed from their burdensome debts to the big landowners and moneylenders. In accordance with Decree No 8 "On land" peasants with little or no land began to be freely allocated land (on the basis of the equivalent of 1 hectare of first category land) (Footnote 4) (First category land comprises orchards, vineyards, and irrigated land which produces two crops per year) made available through the confiscation of land without compensation from big landowners who owned more than the upper limit of 6 hectares of land set by the decree.

During the first stage of the agrarian reform large-scale land ownership was practically liquidated in Afghanistan. More than 60 percent of the land owned by big landowners prior to the revolution was confiscated from them during this time. This land was given to some 296,000 peasant families, or 50-70 percent of the landless peasants. The implementation of the reform was an important factor in the development of the cooperative movement and the involvement of the broad peasant masses in the political struggle.

The agrarian reform was begun and carried out in an extremely complex domestic political and international situation. It met with internal reaction's furious resistance, and the participation in it of the peasants themselves was often hampered by their traditional dependence on the big landowner, religious prejudices, cowed attitudes, and inertia. Furthermore, a whole series of fundamental mistakes had been committed during the implementation of the reform by the former DRA leadership. The main ones were the excessively forced pace of agrarian transformations, the disregard of the tremendous multiformity of conditions of land ownership and land tenure in the various parts of the

country, the insufficient consideration of questions of owner use, and so forth.

The exacerbation of the armed struggle against the counterrevolution in 1979, the burden of past mistakes, and the confused state of affairs in the countryside which prevailed after the first stage of the reform made the elaboration of the approach to the problem of agrarian transformations more difficult for the new ERA leadership. The representatives of the overthrown classes and individuals connected with land ownership present in the state apparatus sabotaged the reform.

In these conditions the counterrevolution launched a broad propaganda effort among the peasants claiming that with the removal from power of H. Amin the reform had been revoked and that the revolution had not justified their expectations. At the same time the insurgents introduced new aspects into their relations with the villagers, trying to gain influence over the middle peasants and to terrorize the poor peasants. In a number of instances they do not take away the land allotted to the peasants by the state during the first stage of the reform, but imposed taxes on them instead, to benefit the "Islamic committees." Trying to stifle the revolution with the bony hand of starvation, the counterrevolution makes use of every possible means to disorganize the economic ties between cities and the countryside, which is evoking growing dissatisfaction among the rural population of districts where the rebels are still operating. The peasants are increasingly turning to the local revolutionary authorities with the demand to proceed with the redistribution of land and to protect them from the tyranny of the bandits.

On 20 June 1981 the PDPA Central Committee Politburo and the DRA Council of Ministers adopted a resolution "On Land Reform in the DRA" which should be regarded as the fundamental document of the party's agrarian policy at the new stage of the revolution. The resolution emphasized that "the PDPA proceeds in its agrarian policy from the premise that only through the liquidation of the feudal system is it possible to provide scope for production forces and to ensure an order under which the peasant can directly enjoy the fruits of his labor and increase the production of agricultural products." It gave a balanced, objective assessment of the first stage of the land reform. And lastly, and this is especially important, it confirmed the peasants' right to land--the right of both those peasants who owned some land prior to the revolution within the limits set by Decree No 8, and those peasants who were given land free after the revolution. This knocks the ground out from under the counterrevolution's feet.

Carrying out party directives for a more flexible approach to the agrarian reform, the Revolutionary Council adopted Appendix No 1 to Decree No 8 "On Land" on 9 August 1981. It specified that surplus land (that is, land exceeding the maximum of 6 hectares specified by the law) is not subject to confiscation in the case of certain groups of landowners. This applies above all to Waqf land, pilots belonging to the clergy, tribal chiefs and [word indistinct], armed forces officers, and also individuals who have organized large-scale mechanized farming. Furthermore, it envisages the payment of compensation to the aforementioned groups of landowners for any surplus land confiscated during the first stage of the reform, which is to start in the fifth year following the adoption of the document and continue for 20 years.

In December 1981 the DRA Revolutionary Council adopted a law "On Water" and the government approved a statute "On the Utilization of Water in Agriculture." The law "On Water" decreed that "water is the common asset of the whole people and is protected by the state." The use of water is free, although irrigation systems (kahrizes, waterholes, wells, reservoirs, and so forth) remain in private ownership. Immediately after this, the DRA Council of Ministers adopted a special resolution regulating questions of the utilization of water in agriculture areas. From that point among the land reform in the DRA can be described as a land and water reform.

The continuation of the agrarian reform has helped step up the work of DRA party and state organs in the countryside, the activity of the Central Council of Peasant Cooperatives has increased, and the role played on cooperative boards by peasants who formerly had little or no land is growing. At the same time the task of entirely winning the peasantry over to the side of people's power has not yet been completely solved. Much work is still in store for the Afghan revolutionaries in rendering economic assistance to the peasantry, enhancing the level of political literacy in the countryside, and strengthening the organs of the new power in rural districts so that rural workers, overcoming their age-old submissiveness and fear of big landowners, become conscious participants in their revolution. The section of the PDPA "Actions Program" concerned with land and the peasantry points the party in precisely this direction.

Thus the revolutionary process in Afghanistan, which emerged several decades ago, has made considerable progress in 5 years. The DRA, the national democratic state of all the working people of Afghanistan, and the PDPA, the chief political force of society, are powerful levers and accelerators of that process. A number of complex social questions, above all the question of power, have been posed and already partially resolved during the April Revolution, and the revolutionary process has reached the stage of objective irreversibility: Enemies will not be able to take away from the Afghan people their main socioeconomic gains. Moreover, the need to organize a rebuff for the counter-revolution fueled by Imperialism, the enhanced role of the new army, people's militia, and revolutionary defense detachments, and the involvement of the broad people's masses in this struggle are deepening the revolutionary process in Afghanistan and extending its political frontiers. As B. Karmal observed at the PDPA Central Committee July Plenum, the DRA is meeting with growing support and recognition in the international arena. The country now has diplomatic relations, he said, with almost 70 countries.

The Afghan revolution is ascendant. The national democratic power is broadening its social support. The friendly relations between the USSR and the DRA and the Soviet Union's internationalist assistance to the Afghan revolution are a most important factor in defending peace and social progress in West Asia.

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CSO: 1816/13a-F

## U.S. STAND ON CHEMICAL-BIOLOGICAL WARFARE ISSUES CRITICIZED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 32-41

[Article by A. Vavilov: "Chemical Weapons--Dangers and Way To Eliminate Them"]

[Excerpt] In 1969 the USSR and other socialist countries proposed the conclusion of a convention banning chemical and bacteriological weapons. What was the response of the United States? While its representatives were making speeches at Geneva Disarmament Committee sessions, the U.S. Army was raining down thousands of tons of chemicals on the jungles and paddy fields of South Vietnam. The true scale of this chemical attack was not known at that time, but its results and the long-term damage which it caused were revealed much later thanks to the painstaking investigations of a group of American scientists (A. Westing and others) and also in the course of candid and heated debate in the U.S. Congress at the start of the 1970's.\* The delegates from 21 countries who had participated in a Ho Chi Minh City symposium in January 1983 concluded that history's first concentrated use of chemical weapons had taken place in Indochina.\*\* The United States had carried out full-scale chemical warfare here aimed against nature and against people. Its scale was shocking. From 1962 through 1970 almost one-tenth of the territory of South Vietnam had been sprayed with defoliants (which led to a fall in the foliage) and herbicides (for the total destruction of vegetation) in a total volume of 72.4 million liters.\*\*\* Some 44 percent of the forest tracts of South Vietnam were treated.\*\*\*\*

These operations were carried out to destroy the plant cover and sown areas for the purpose of depriving the patriotic forces of natural shelters in the jungles and food and also forcing the local inhabitants to move to areas controlled by Saigon.

It should be said that herbicides had not been used in practice in armed conflicts prior to the Vietnam war; Indochina was their first proving ground.

\*"Ecological Consequences of the Second Indo-China War," SIPRI, London, 1976.

\*\*See "Herbicides and Defoliants in War: the Long-Term Effects on Man and Nature," Hanoi, 1983.

\*\*\*BULLETIN OF PEACE PROPOSALS vol 4, 1973, p 6.

\*\*\*\*PRAVDA 9 January 1980.

In South Vietnam the Pentagon tested 15 different chemical substances and formulas for destroying the sown areas, cultivated plantations and wood-shrub vegetation. As a result mangrove forests (500,000 hectares) totally disappeared and 60 percent (approximately 4 million hectares) of jungle and 30 percent (more than 100,000 hectares) of lowland forest were affected.\*

Three-four sprayings usually led to the decrease of 50 to 100 percent of the trees.\*\* From 40 to 100 percent of banana plantations and rice, sweet potato, papaya and tomato sowings, 70 percent of the coconut plantations, 60 percent of Hevea and 110,000 hectares of Casuarina plantations were destroyed. These barbaric acts caused erosion of the soil and its lateritization, that is, hardening owing to the loss of the protective plant cover. Other consequences were replacement of arboreal flora by primitive grasses, the migration of animals and depletion of the fauna and pollution of water basins. According to data of Hanoi University's Biology Faculty,\*\*\* of the numerous types of wood-shrub species of the tropical forest in the affected areas, only individual types of trees and several types of prickly grasses unsuitable for livestock feed have survived. Poor and unstable harvests are being observed in the affected areas of lowland forest which have been introduced in the agricultural turnover. Of the 150 types of birds, only 18 are left, mainly of the steppe areas. Amphibia and even insects have almost totally disappeared. There has been a decline in the quantity and a change in the composition of the fish in the water basins.

Vast clayey marshes remain on the site of the destroyed mangrove forests, which had led to a sharp decline in the stocks of fish and shrimp --the principal source of protein supply for the local inhabitants. For this reason approximately two-thirds of the indigenous population has been forced to abandon these parts.

The destruction of vegetation has had a serious effect on Vietnam's ecological balance. The erosion and acidity of the soil have increased, and its permeability has declined. The microbiological composition of the soil has been upset, and there have been unpropitious changes in Vietnam's fauna. One type of black rat has been superseded by another--a carrier of plague in South and Southeast Asia. Ticks and mosquitoes--carriers of dangerous diseases--and, in areas far from the sea, malaria-carrying mosquitoes have appeared.

The Pentagon's war against the nature of Indochina had inevitably to affect people also. So it did.

The consequences of the United States' chemical warfare in Southeast Asia are incalculable. Altogether 2 million people were subjected to the influence of American chemicals, and thousands of them died at the time the chemical weapons

\*UN Doc. A/37/233, 21 May 1982.

\*\*AMBIOS Nos 5-6, 1975, pp 213, 219, 222.

\*\*\*See Doc. CD/82, 20 March 1980, p 3.

were used.\* Hundreds of thousands of people's hereditary apparatus has been damaged (chromosome aberrations), there have been considerable changes in blood composition, diseases of the liver, blood, the immune system and lymphoid and other organs are being observed and disturbance of the functions of the central nervous system and an increase in the frequency of sickness are being recorded. The data obtained by Vietnamese physicians indicate that these and other effects are manifested many years after the use of the American "formulas," and there is reason to fear a growth therein in the future.\*\*

The U.S. Army used mainly three types of toxic chemicals under the codenames Agent Orange, Agent White (both used against forests) and also Agent Blue (against rice and other crop sowings).

One is struck by the fact that there was unlimited use in Vietnam of toxic chemicals tests of which in the United States itself had not been completed.\*\*\* In addition, they were used in tremendous concentrations, sometimes 13 times in excess of the limits permitted and recommended for use in the United States itself. Not only the terrain (scrub and sown areas) but also domestic animals and, what is most important, people were subjected to spraying with toxic chemicals here.

According to the data of Dr (Ten Tkhat Tung), chairman of the Socialist Republic of Vietnam's State Commission for Investigating the Consequences of Chemical Warfare, since the war the number of children with birth defects in North Vietnam, where chemical weapons were not used, constitutes an average of 0.4 percent, whereas in South Vietnam such defects are encountered 10 times more often (4 percent). The number of birth defects in North Vietnam has increased as a consequence of the fact that fathers in young North Vietnamese families were poisoned by dioxin on the territory of South Vietnam.

Thus through the fault of American imperialism the Vietnamese have become the Earth's second population of people (after the Japanese, who suffered atomic bombing) with genetic disorders.

In spite of the assertions of the U.S. Defense Department, thousands of American soldiers were victims of the chemical attacks of their own troops. Veterans have brought suit against five major companies producing chemical products in the United States. The latter, however, have cited the government, which, according to them, did not inform the soldiers of the long-term effect of the war gases, and demanded that the administration share responsibility with them for what happened.\*\*\*\*

The United States' use of chemical toxins on the territory of South Vietnam cannot be categorized other than as an ecological crime. Prof Arthur W.

\*UN Doc. CD/82, 20 March 1980, p 3.

\*\*See UN Doc. A/37/233, 21 May 1982.

\*\*\*See CONGRESSIONAL RECORD 28 July 1977, p S12193.

\*\*\*\*See UN Doc. A/37/377, 9 August 1982.

(Gal'ston) declared in a congressional committee on 9 February 1977: "I am convinced that the destructive consequences of the use of chemical toxins for Vietnam and this country's entire environment as a whole are unpredictable."\*

Vigorous protests on the part of scientists, the public and many members of Congress forced President R. Nixon to adopt a decision in 1970 on a gradual halt to the use of herbicides in Vietnam. However, the program of destroying the forests and sown areas continued with the aid of military-engineering equipment and bombing. Huge damage had been done to Vietnam's flora and fauna by that time.

The years pass, and Vietnam is gradually healing its wounds: what was destroyed is being restored by persevering labor, and the republic's national economic potential, including agricultural production, is growing, and nature is having its say. However, the consequences of the crimes of the U.S. interventionists continue to be reflected; the economic scars on the country's body will not heal quickly.

In those same years negotiations continued in the Geneva Disarmament Committee on banning chemical and bacteriological weapons. Inasmuch as by the end of the 1960's drawing up a uniform agreement which would make illegal the "silent death" both of toxins and bacilli proved impossible, the problem was separated.

A convention banning bacteriological (biological) and toxin weapons was concluded in 1972. Its validation 3 years later was the first step on the way to real disarmament: a most dangerous type of weapon of mass destruction was removed from military arsenals for all time. This step once again showed both the possibility and the urgency of the adoption of effective measures to ban chemical weapons also: the text of the said convention records the commitment of the subscriber-states to continue negotiations in a spirit of good will for the achievement in the very near future of an agreement on the effective prohibition of chemical means of warfare.

In 1972 the socialist countries submitted to the Disarmament Committee a draft convention banning chemical weapons, which provided for the prohibition of their production and total liquidation. The general atmosphere in the world in that period was seemingly conducive to the success of this initiative: a spirit of detente and mutually profitable cooperation had been established in international relations and important agreements, Soviet-American primarily, on limiting the arms race in a whole number of areas were being signed one after the other. The peoples had received with relief the understanding in principle at the highest level between the USSR and the United States (July 1974) on the fact that both states would formulate and put forward in the Disarmament Committee a joint initiative banning the most dangerous, lethal types of chemical weapon. Soviet-American bilateral negotiations began in 1976 on the basis of this understanding. The problem was discussed in parallel in the Disarmament Committee.

\*Disarmament Committee Doc. CD/82, 20 March 1980, p 3.

Initially the progress of the bilateral negotiations in Geneva was promising: the outlines of a future convention were gradually drawn, and the area of disagreements was reduced. Tangible progress was achieved on the question of the extent of the prohibition. The sides agreed to use the general-purpose criterion. This meant that specific agents were to be banned to the extent that their production was not warranted by industrial, research or other civilian and also nonhostile military purposes (chemical protection, for example) or military purposes not connected with chemical warfare. In addition, the participants in the negotiations deemed it expedient to use, besides the general-purpose criterion, objective numerical indicators of toxicity. However, owing to the unconstructive position of the American side on questions of monitoring observance of the commitments as per the future convention, difficulties arose. And following the completion in July 1980 of the 12th round of negotiations, Washington declined to continue them altogether.

The behavior of the American side was not fortuitous: the elaboration of a convention was evidently no longer a part of the U.S. leadership's plans. Back in 1976 the NATO countries had approved the goal of raising in the following 5 years the bloc's combat readiness, particularly under chemical warfare conditions. The following year Washington increased the appropriations for chemical weapons, which was to be the start of the realization of a long-term program in this sphere. With R. Reagan's arrival in the White House a policy of an unprecedented acceleration of all military programs, including the buildup and replacement of the military-chemical arsenal proper, was adopted.

Back in 1969, when President R. Nixon halted the further expansion of the United States' chemical arsenal, it possessed tremendous stockpiles of war gases sufficient to wipe out everything living on the planet. These stockpiles are currently put at more than 150,000 tons and include approximately 3 million shells, tens of thousands of aerial bombs and hundreds of thousands of mines and high-explosive shells. The Pentagon intends to increase the number of chemical warheads to 5 million, substantially renew and expand their storage facilities and replace aging chemical ammunition. It is planned to deploy large-scale production of the latest binary warheads at a plant being installed currently in the Pine Bluff region (Arkansas), which will be able to produce approximately 70,000 warheads monthly. It is planned to allocate \$2.5 billion for R&D in combat war gases over the next 5 years. Total expenditure on the United States' chemical rearmament could, according to estimates, amount to \$10 billion.

The United States' chemical weapon stockpiles are deployed not only on its own territory but also in the FRG and Japan and on islands of the Pacific. It is also planned to store the new generation of chemical weapons on others' territory, primarily in Europe (Britain, Italy).

The U.S. Army already possesses 155-mm artillery shells with the sarin-2 binary war gas. Development of the 203.2-mm howitzer shell with the binary VX-2 war gas is being completed. With the commissioning of the plant in Pine Bluff the U.S. armed forces will acquire effective new-generation chemical ammunition for the basic artillery systems, Big Eye aerial chemical bombs, strategic-tactical Lance missile warheads with binary filling, cruise missiles and aircraft sprays and cluster bombs.

The American chemical rearmament program is being realized under the cover of assertions concerning the "chemical threat" on the part of the USSR. In order to lend this mythical "threat" a semblance of reality Washington embarked on an extensive campaign of slander, using imaginary "instances of the use" of chemical and toxic weapons by the Soviet Union in Afghanistan and Southeast Asia.

The utter groundlessness of the assertions concerning some "yellow rain" and "rose-colored mist" of Soviet production was revealed quite quickly, however. An investigation carried out by UN experts at the insistence of the United States found no evidence of the use of Soviet combat war gases in Kampuchea, Laos and Afghanistan.

The "charges" of the U.S. State Department were analyzed in the most detailed fashion in two critical investigations prepared by experts of the USSR Academy of Sciences, the USSR Ministry of Health and other competent Soviet organizations, which concluded that the "data" adduced by the State Department were of a fabricated nature.

The campaign of slander unleashed by Washington was not supported by certain of its allies even. Thus in August 1982 the Australian Defense Ministry prepared a report on an examination of leaf specimens containing traces of "yellow rain" which refuted the version of the presence of poisonous substances on them.\* This document, which was initially classified, saw the light of day only many months later. The American scientist (Mezel'son) succeeded in establishing that the "yellow rain" specimens are nothing other than bee droppings.

The anti-Soviet action, which was thought up for a provocative purpose, was designed to distract the attention of the world public from the real chemical warfare which the United States conducted in Southeast Asia for many years and from its own preparations for a new chemical war.

We would adduce the following eloquent fact. In the fall of 1981 the UN General Assembly 36th Session passed by an overwhelming majority a resolution which noted the necessity for all efforts to be exerted to activate in the Disarmament Committee negotiations on banning chemical weapons. Only one delegation abstained--that of the United States.

The General Assembly also approved another resolution, which recommends that all states refrain from any actions which might impede the negotiations, particularly concerning renunciation of the production and development of new types of chemical weapon and the deployment of chemical weapons on the territory of states where they do not exist at the present time. Simultaneously the United Nations called on the USSR and the United States to resume bilateral negotiations as quickly as possible. On this occasion the United States adopted a position which was even more provocative to the world community--it proved to

\*See "The Examination of 'Yellow Rain' Specimens," Technical Report. Department of Defence. Materials Research Labs. Melbourne, August 1982.

be the only one of 157 countries which voted against. The United States also turned down this proposal at the General Assembly 37th Session.

The United States opted for different tactics in the Geneva Disarmament Committee. It took the path of deliberate complication of what were already complex negotiations. Constantly discovering new difficulties, piling up technical details and making even tougher its inordinate demands with respect to supervision (the question of supervision of states' entire chemical industry is in fact being raised!), the United States manifestly aims at frustrating the negotiations.

American officials still pursue the thought here that the negotiations in Geneva are hopeless owing to the Soviet Union's "unwillingness" to consent to effective control measures. In reality, the Soviet side is no less interested than anyone else in ensuring reliable verification of the observance of the commitments assumed. But supervision is not some abstract category; control measures must strictly correspond to the nature and extent of the established limitations and be formulated together with them. Proceeding from this, the Soviet Union advocates control procedures--both national and international--which guarantee fulfillment of a future convention banning chemical weapons. It was on the basis of these that it was possible to agree on certain fundamental points and begin the detailed elaboration of the conditions and procedure of control--not long before the United States suspended the bilateral negotiations.

Meanwhile the delays in the development of an appropriate international agreement are leading to the creation of new varieties of chemical means of warfare and their increasingly extensive deployment. The intention of the U.S. Administration to increase appropriations for the production of new types of chemical weapons, binary included, testifies to this. The United States is planning to deploy these weapons in, *inter alia*, Britain and Italy--closer to the borders of the socialist community.

The principle of binary weapons is simple: two relatively harmless components in a shell, canister or bomb, when combined, form a highly toxic mixture. This is of obvious military value--the filling of the shell and their storage and shipment are simplified. A fact remains a fact: the transition to binary weapons is leading to a new twist of the chemical arms race spiral. The point being that the main technical difficulty in solving the problem of prohibition is determined by the specific nature of the chemical weapons--the difficulty of separating commercial chemicals from those which could be used for military purposes. In the case of binary warheads such a separation becomes extremely complicated, if not impossible. Furthermore, conditions for hidden stockpiling of chemicals which are peaceful in appearance for their subsequent use in binary weapons emerge, which complicates the solution of control questions even further and makes more remote the prospects of the conclusion of an international agreement banning chemical weapons.

Endeavoring to accomplish a decisive shift in the matter of banning chemical weapons, the Soviet Union submitted in the summer of 1982 at the UN General Assembly Second Special Disarmament Session a proposal on the basic provisions

of a convention on banning the development, production and stockpiling of chemical weapons and their destruction. In putting forward its draft the USSR also took account of the wishes of other states, on the question of control included. The Soviet document embraces all aspects of the problem of banning chemical weapons which have been examined both at the 1976-1980 bilateral Soviet-American negotiations and in the Disarmament Committee. It formulates the following objective: all states to undertake "never under any circumstances to develop, produce, acquire in any other way, stockpile, retain or transfer chemical weapons and to destroy or redirect for authorized purposes stockpiles of such weapons and liquidate or dismantle facilities providing capacity for the production of chemical weapons."\*

The document provides a definition of chemical weapons, which include directly corresponding chemicals and their precursors (that is, source chemicals), warheads and other equipment, including binary-type warheads. The USSR's position is also set out in detail in the sphere of confidence-building measures connected with the destruction of chemical weapon stockpiles and the liquidation of the facilities and capacity for their production and also with the subscribers to the convention's retention of the right to produce, acquire and use a certain quantity of toxic chemicals for authorized purposes regulated in detail by the draft convention.

Verification measures would be realized by national technical means and also via on-site international inspections--both in accordance with a justified request on a voluntary basis and also systematically on a mandatory basis on the basis of an agreed quota of inspections. This approach affords confidence that the convention will be fulfilled and at the same time is not burdensome for the states which are the subjects of the verification.

The Soviet document also formulates such important commitments as renunciation of the deployment of chemical weapons on the territories of other states, the withdrawal of chemical weapons from the territories of foreign states, if they were deployed there earlier, and the adoption of the necessary precautionary measures for protection of the population and the environment upon the destruction of the stockpiles of chemical weapons and liquidation of the means of their production.

Taking account of the opinion of a number of states, the Soviet Union consented to the incorporation in the convention of a provision banning the use of chemical weapons and providing for the appropriate verification procedures using the mechanism of the convention, including on-site verification within the voluntary-nature framework. Of course, the speediest elaboration and conclusion of the convention would be the most effective and fullest guarantee of the nonuse of chemical weapons. For this reason it is essential to at least avoid actions which could complicate this process. Yet recently a number of Western states (France was the instigator) began a revision of the Geneva Protocol and the addition of it of some control mechanism. At the end of 1982

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\*PRAVDA, 19 June 1982.

the UN General Assembly 37th Session passed resolution 37/98 in favor of such a revision, to which the socialist and other states objected.

Recognition of the procedure of control over observance of the Geneva Protocol envisaged by the resolution would have thereby led to a widening of the extent of the commitments assumed by the states which signed it. Such a solution is not legitimate inasmuch as it was adopted not by the participants in this agreement themselves but by way of approval of a UN resolution with the participation also of states which as of the present have not subscribed to the said protocol.

The dangerous precedent of the imposition via the United Nations of a revision of current international agreements in the sphere of curbing the arms race without regard for the opinions of all their subscribers and, in addition, contrary to the position of a considerable number of them is thereby created. It is sufficient to say that of the 99 subscribers to the Geneva Protocol, little more than half the states voted for the said resolution, the remainder not supporting it. Such practice is in flagrant contradiction with the 1969 Vienna Convention on International Treaty Law, particularly article 39 thereof, which allows changes to a treaty only upon agreement among its subscribers.

The attempt at an illegal revision of the Geneva Protocol could harm the entire system of international agreements in the sphere of arms limitation and disarmament. Serious objections also arise in connection with the fact that the resolution makes an attempt to entrust to the UN secretary general functions of control of the fulfillment of agreements in the disarmament sphere which, according to the Charter, are not within his competence.

The Soviet Union declared that not only would it not subscribe to the said resolution but would explain to other states the serious negative consequences to which implementation of its provisions could lead.\*

Undoubtedly, various routes could lead to a solution of the problem of eliminating chemical weapons. The most radical path, which would preclude forever the possibility of a cloud of chemical war gases swirling over a peaceful earth, is the conclusion of a global international banning agreement. The Soviet Union is striving for this indefatigably. At the same time it would be useful to take parallel steps within the confines of the European continent, for example, where the main military forces of NATO and the Warsaw Pact are concentrated.

In January 1983 the participants in the Prague meeting of the Warsaw Pact Political Consultative Committee advocated the liberation of Europe from chemical weapons. They declared that they were ready to study, together with other interested states, all possible methods and means of accomplishing this task and to begin the corresponding negotiations.

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\*See UN Doc. A/32/131, 31 March 1983.

This initiative elicited a lively interest and response in many European countries. In particular, the FRG's SPD advocates the creation in Central Europe of a zone free of chemical weapons. The "Palme Commission" addressed a similar appeal also.

At the meeting of the Foreign Ministers Committee in April 1983 the Warsaw Pact countries confirmed their readiness to enter into businesslike contacts with other interested states for the joint study of practical questions connected with the task of freeing Europe of chemical weapons, particularly those such as the extent and sequence of the corresponding measures, the content of the commitments and control of their observance.\*

The basic goal of socialist diplomacy remains invariable--the conclusion of an international convention on the banning and destruction of chemical weapons. The USSR's proposal concerning its basic provisions has lent new impetus to the negotiations in the Disarmament Committee and again focused attention on this problem.

The Soviet initiative signposts the way to the speediest achievement of an accord on banning a most fearsome type of weapon of mass destruction. Arriving at a future accord is possible. There must be no room in the world for chemical weapons.

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\*See PRAVDA 8 April 1983.

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## HARMFUL EFFECTS OF ARMS SPENDING ON U.S. ECONOMY EXPLAINED

M "now MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83  
(Signed to press 14 Jul 83) pp 42-52

[Article by G. Skorov: "The Arms Race and the U.S. Economy"]

[Excerpt] Who is to blame here--the Democrats or Republicans? It is perhaps some point in putting the same question in a more general form: what are the causes of the weakening of the domestic and international economic positions of American capitalism?

It is first of all necessary to cite the sharp increase under the conditions of the scientific-technical revolution in the uneven nature of capitalism's economic and political development. The possibility of the use of the achievements of science and technology by way of the acquisition of technical innovations on the world market has reduced considerably the time required for modernization of the economy and the assimilation of advanced technological methods of production--two levers contributing to the equalization of economic development levels. This possibility has been used successfully by the United States' main competitors--West Europe and Japan.

The second reason in terms of significance for the United States' relative lag and its gradual loss of first place in certain important areas of world scientific-technical progress is the systematic diversion of national efforts into the arms buildup. The United States has been following this course invariably since the end of World War II. The reduction in annual spending for military purposes from \$91.8 billion (in 1972 prices) in 1966-1970 to \$69.1 billion in 1976-1980 by no means signifies, as President Reagan and those around him claim, that the United States relaxed its military preparations in these years. It was in this period that there was a qualitative leap forward in the development of America's strategic forces expressed in the fitting of intercontinental missiles with separating warheads. As Yu.V. Andropov, general secretary of the CPSU Central Committee, observed, "as a whole, in the period of the United States' imaginary inactivity which the President talks about the number of nuclear warheads on the United States' strategic arms increased from 4,000 to over 10,000."\* The intensive development and adjustment of new weapons

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\*PRAVDA, 27 March 1983.

systems and delivery systems such as the neutron bomb, the cruise missile, the Pershing II ballistic missile, the B-1 long-range bomber, the missile-carrying Trident submarine, the MX and Midgetman missile systems and various anti-missile defense weapons was under way all these years in the United States. Work was being performed simultaneously at full speed on the creation of qualitatively new conventional weapon systems.

Table 1. U.S. Military Spending (\$, billions)

Average annual data	Current prices	1972 prices	Proportion of GNP, %
1946-1950	19.1	39.9	7.6
1951-1955	41.3	69.9	11.4
1956-1960	44.1	66.5	9.5
1961-1965	48.9	75	8.1
1966-1970	71.98	91.8	8.2
1971-1975	78.05	72.9	5.9
1976-1980	109.4	69.1	5
1981-1986	235.9	94.7	6.9 <sup>1</sup>

<sup>1</sup>Fiscal years.

Estimated from "The Budget of the U.S. Government. Fiscal Year 1980," Washington, p 578; "...1983," pp 9-61, 3-21; "...1984," pp 9-53, 9-54; "The Handbook of Basic Economic Statistics," December 1982, pp 224, 225; "Statistical Abstract of the United States," 1962, Washington, p 268; "Economic Report of the President," 1983, pp 163, 165.

In 1974 Columbia University professor S. Melman published a book devoted to problems of the declining efficiency of the U.S. national economy. He entitled it "The Permanent War Economy."\* This apt title has become even more topical under the conditions of the Reagan administration's military policy.

Inasmuch as at the same time the President has proclaimed a policy of the "recovery" of the U.S. economy the natural question arises: is it possible simultaneously to improve the economy and build up military might? Is it possible to pursue a policy which fits the "guns and butter" formula? These questions are, frankly speaking, of a rhetorical nature. History long since gave them a definitive answer: no one has ever succeeded in this in any country.

The connection between the economy, the social sphere and rearmament is simplicity itself: the resources which are spent on military preparations cannot be used to develop the economy and improve the social situation. And, conversely: it is impossible to satisfy society's sociocultural and economic needs and simultaneously conduct an arms race. All is perfectly clear, seemingly. But, however odd this may be, even in our time there are heaps of past masters at confusing these two trades, primarily in the United States. For this reasons let us examine the influence of the arms buildup on inflation, the economic growth rate and the amounts of the national wealth squandered to no purpose.

\*See S. Melman, "The Permanent War Economy. American Capitalism in Decline," New York, 1974.

## The Inflationary Essence of Arms Production

A striking negative consequence of the arms race is increased inflation. All the military booms in the United States in the last 50 years--the economic upturn of 1938, World War II, the 1950-1951 Korean War, the space rocket "boom" of 1961-1963, the Vietnam War--were accompanied by more or less significant inflationary price rises. However, despite these well-known facts, certain American economists deny the connection between inflation and military production.

Thus the prominent American economist, Prof K. Boulding, for example, claims that "...we can barely trace in the 1970's any connection between the proportions of military spending in the GNP and the rate of inflation."\* He adduces a table allegedly proving that absence of a connection between the level of military spending and the rate of inflation.

Of the seven leading capitalist countries, the United States has borne the highest burden of military spending, but has been in next-to-last place in the rate of increase in inflation, whereas in Japan, which has spent less than 1 percent for military purposes, inflation has been more intensive, and in Britain and Italy the highest. However, these data are hardly grounds for the conclusion which K. Boulding draws. They merely testify that inflation is caused by many factors and not only military spending.\*\* As far as the inflationary consequences of military preparations are concerned, they are caused by the following factors.

Table 2. Inflation and Military Spending in the Main Capitalist Countries, 1970-1979

	<u>Proportion of military spending in GNP, %</u>	<u>Rate of Inflation</u> <sup>2</sup>
United States	5.6	7.2
France	3.7	9.2
FRG	3.2	5
Great Britain	4.9	13.2
Italy	2.7	13
Canada	2	7.8
Japan	0.9	9.1

<sup>1</sup>Average annual data.

<sup>2</sup>Average annual change in consumer price index.

Source: B. Molefsky, "Inflationary Consequences of the Defense Buildup" (CRS), August 26, 1981, p 15.

\*K.E. Boulding, "The War Industry" ("Inflation and National Survival," ed. C.C. Goldman, New York, 1979, p 94).

\*\*See, for example: "Present-Day Inflation: Sources, Causes, Contradictions," Moscow, 1980, p 340.

First, the prices of military products increase more rapidly than the prices of civilian consumer goods.

As can be seen from the data of Table 3, the increase in prices in the military sector steadily outpaced the increase in prices in the country as a whole throughout the period in question, except for 1979. Although the proportion of goods and services of a military purpose in the U.S. GNP in the 1970's did not exceed 5-6 percent on average, the more rapid increase in the costs thereof undoubtedly did its bit toward the overall increases in prices. As, however, the military sector's share of the U.S. economy increases, there will be a corresponding increase in its inflationary effect.

Table 3. Dynamics of Price Indexes of Military and Civilian Products as a Percentage of the Preceding Year

<u>Fiscal year</u>	<u>Price deflator of military products</u>	<u>Deflator of GNP</u>
1975	12.5	10.8
1976	8.8	6.9
1977	8.5	5.6
1978	8.5	6.8
1979	8	8.7
1980	14.6	9.2
1981	13.4	9.9

Sources: "The Defense Buildup and the Economy". A Staff Study Prepared for the Use of the Subcommittee of Economic Goals and Intergovernmental Policy of the Joint Economic Committee, Congress of the United States, February 17, 1982, Washington, 1982, p 10.

Second the production of military goods creates effective demand (the wages of workers and employees employed directly in their production and part of the wage fund in the sectors producing the material for military consumption) without commodity cover inasmuch as the product of military production does not become part of the economic turnover,\* while its monetary equivalent continues to circulate in the national economy. For this reason military production is in its very essence particularly inflationary.

Certain American economists are attempting to refute this proposition. Thus a leading fellow of a think tank of the Republican Party--the American Enterprise Institute--and formerly chairman of the Council of Economic Advisers under Presidents Nixon and Ford, H. Stein, claims that there is no difference in principle between government military and civilian spending from the viewpoint of their impact on aggregate demand. He points out, *inter alia*, that "defense

\*As Marx observed, war in a directly economic respect is the equivalent of "a nation dropping part of its capital in the water" (K. Marx and F. Engels, "Complete Works," vol 46, pt 1, p 67).

spending produces something contributing to the prosperity and productiveness of the population in just the same way as spending on school buses or museums."\*

Such reasoning can hardly be treated seriously. State spending on the infrastructure (both economic and social) increases not only effective demand but also the real supply of goods and services. This cannot be said of military spending. As far as the assertion "concerning an increase in the prosperity" and "productiveness" of the American people with the aid of expenditure on missiles, warplanes, submarines and atomic bombs is concerned, it remains a puzzle as to in what this is expressed--in megatons? The comparison with school buses and museums is simply inappropriate inasmuch as they, as distinct from nuclear and other weapons, contribute to the increased education and skills of the work force and, consequently, its potential productiveness, if, of course, it does not subsequently remain with work.

Third, in displaying demand for types of raw material and intermediate products in short supply, military production creates various bottlenecks in the economy which under the conditions of the disruption of supply and demand are surmounted in the customary way for market relations--an increase in commodity prices for many types of product.

The inflationary impact of military production on the economy is not confined to this. As a number of experts have shown,\*\* firms engaged in military business are interested not in a reduction in production costs, like all other companies, but in a constant increase therein. This paradoxical phenomenon is explained by the fact that the consumer of their product--the Defense Department--displays astounding generosity (at the taxpayer's expense) when it is a question of acquiring new military equipment. It would never occur to anyone, for example, to purchase a new washing machine whose productivity was 10 percent higher than the old model if its price, say, were double that of the former model, that is, manifestly disproportionate to the improvements that had been made. But in purchasing military equipment the Defense Department frequently pays a disproportionately high price for a negligible increase in the efficiency of a given type of weapon or means of transportation. Firms producing military products boldly consent to a maximizing of production costs, being sure that they will be fully reimbursed.

Inasmuch as 36,000 contractors and over 100,000 subcontractors participate in military production in the United States, the practice of maximizing production costs becomes a widespread principle of the formation of the cost of the military product and, together with this, of the cost of the civilian product merely with the difference that in this case the increase in price is shifted onto other firms--the consumers of this product--and ultimately onto the consumer.

\*THE WALL STREET JOURNAL 7 July 1981.

\*\*See, inter alia, S. Melman, Op. cit., pp 74-104; Byung Yoo Hong, "Inflation Under Cost Pass -Along Management," New York, 1979, pp 135-151.

This entire set of factors conditions, if it may be so put, the profound inner inflationary character of military production.

Following a thorough analysis of the consequences of the increase in military spending planned by the Reagan administration, the Goldman, Sachs and Co investment bank concluded that "they will apparently put stronger inflationary pressure on the economy than many existing studies indicate."\* Inasmuch as it is planned to spend a considerable proportion of the military appropriations on arms production, the authors of this study decided to exclude expenditure on the personnel of the armed forces from overall military spending and compute the proportion of the remaining military spending in the commodity component of the GNP (excluding services). It turned out that in the period 1980-1986 it will increase from 5.4 percent to 10 percent or twice as much as in the Vietnam war period. They concluded from this that Reagan's rearmament program is fraught with bottlenecks, which usually increase inflation.\*\*

The inflationary pressure of arms production increases particularly when parallel to the increase in military orders the corporations are being granted big tax concessions, as a result of which a gap is forming between government revenue and expenditure which is being covered by the issue of state bonds or an additional monetary emission. It is precisely thus that the federal budget deficits, which have increased sharply during Reagan's presidency and which are potentially the strongest inflationary factor, are being financed.\*\*\*

To this is added the further inflationary effect of the inadequate structure of the U.S. military industry itself. A document of the Congressional Research Service in this connection says, *inter alia*: "These enterprises also supply goods for industrial capital investments, which, according to forecasts, will also increase sharply in the next several years. Shortages and bottlenecks will possibly arise. If this happens, prices will creep upward. How high it is difficult to say."\*\*\*\*

This study, like the calculations of a number of other economists, particularly the former chairman of the economic council under President Reagan, M. Weidenbaum, who has now resigned, creates the impression of the uncertainty of the inflationary effect of the United States' military programs: it is not known, it is said, whether they will have an inflationary effect or not and if they have, of what kind--big or slight. In reality, however, this effect is an objective reality.

\*G.M. Wengrowski and C. Rosanne, "Conventional Analysis Underestimates Pressure from Defense Building," New York, June-July, 1981, p 1-d.

\*\*Similar fears have been expressed by R. Kaiser, an expert in military economics (see THE WASHINGTON POST 25 April 1981).

\*\*\*The inevitability of increased inflation in the United States as a consequence of the lack of coordination between military and taxation policy has been shown convincingly by L. Thurow, professor at MIT (see, *inter alia*, L. Thurow, "How To Wreck the Economy" in NEW YORK REVIEW OF BOOKS 14 May 1981, p 3).

\*\*\*\*B. Molevsky, Op. cit., p 95.

As long as the multibillion-dollar budget deficit remains, the danger of a new spurt of inflation remains entirely possible, while the upward twisting of the inflation spiral as the U.S. economy emerges from the crisis is highly probable. The Reagan administration has only two methods of reducing the budget deficit: cutting military appropriations or imposing new taxes or employing both means simultaneously. If this is not done on a sufficiently large scale, the return of high rates of inflation is only a matter of time. All the military booms of the recent past testify to this.

#### Military Spending as a Means of Anticrisis Policy

Since the time of Keynes bourgeois economic literature has lent credence to the viewpoint according to which military spending as a type of official demand plays the part of stimulator of economic growth. The rearmament of the Axis countries before World War II, like also the development of military production in the United States on the eve and during the war, helped overcome the economic consequences of the Great Depression of the 1930's and, seemingly, fully confirmed this viewpoint. Later, in the cold war period, when arms production became a permanent phenomenon in the economic life of the main capitalist countries, it came to be regarded in the West as an "in-built stabilizer" of the economy. Military spending came to be also the principal component of the once fashionable "multiplier" theory. With the aid of this theory governments of the capitalist countries justified the economic expediency of an increase in military spending in a period of industrial recession and the growth of mass unemployment, although, of course, the strategic and not the economic interests of imperialism were and remain the political motive of the arms race.

The substantiation of military spending as a "multiplier" was called in question first by the West German and then the Japanese "economic miracles"--periods of comparatively high and quite stable growth rates which were achieved in these countries without any increase in military spending and, as common-sense suggests, precisely in spite of it. Both countries until recently bore a limited burden of unproductive expenditure. The groundlessness of the "multiplier" theory has also been confirmed by the experience of the United States' economic development. The constant growth of unemployment and the underloading of production capacity at the end of the 1970's and, particularly, in the 1980's, following the assumption of office by the Reagan administration, have demonstrated that even the biggest rise in military spending since the war--an average 16 percent annually\*--is not sparing it cyclical economic crisis.

The weakness of the "multiplier" theory as applied to military production has not yet been sufficiently revealed by economic science. But it may be said even now that its supporters have undoubtedly reassessed the stimulating impact of military spending on the development of the economy. Studies carried out in the 1960's and 1970's, including those within the framework of the

\*Estimated from "Economic Report of the President," February 1983, p 247.

UN "Disarmament and Development" project, established the perfectly obvious fact that capital investments in military production, as a consequence of its capital-intensiveness, produce less of an increase in jobs than in civilian production.\*

The change in the nature of military equipment, which is using increasingly less steel and increasingly more electronics, nonferrous and rare metal alloys and plastics, has also markedly weakened the stimulating effect of military production and its influence on the base sectors of industry. The change in the structure of military spending, the emphasis on nuclear weapons and the new MX and Trident missile systems and the B-1 bomber, more sophisticated space communications facilities and also the production of equipment for special R&D require far fewer workers and of entirely different skills, moreover, than the production of tanks, artillery, ammunition, kit and other military material characteristic of World War II and the first military booms of the postwar period. Furthermore, the buildup of modern arms basically requires the product of the science-intensive sectors which are not in need of additional stimulus and which have the highest growth rates. All this reduces the real "multiplier effect" to today's military production and is every reason to regard the arms race as the least effective of all the known means of boosting the economy and the worst possible means from the human viewpoint.

Comparing the economic development of the United States, West Europe and Japan, the important American economist, J.K. Galbraith, honorary professor at Harvard, reached the following interesting conclusion: "Most recently there has been a weakening of America's competitive positions, particularly compared with the PRC and Japan. It is accepted thinking that we are not more stupid than the Germans or the Japanese. America's raw material and energy base not only is not worse but far better even. The PRC spends on social purposes, per capita, more than the United States, Japan a little less. The difference is that the Germans and the Japanese use their capital to replace old enterprises producing civilian products with new and better enterprises. The United States, on the other hand, spends far more of its capital for fruitless military purposes with a limited industrial application."\*\* It is difficult to find any objections to this.

The economic development of the United States and other NATO countries has in recent years provided increasingly great evidence of the groundlessness of the claims concerning the positive economic effect of the arms race. At the same time its negative economic role is becoming increasingly apparent (see Table 4). Let us turn to American data once more.

\*See "The Relationship Between Disarmament and Development," United Nations, New York, 1982, pp 81-83.

\*\*See THE NEW REPUBLIC 17 August 1982, p 12.

Table 4. Proportional Military Spending and Certain Basic Economic Indicators in the United States, the FRG and Japan, 1960-1982, %

	<u>Proportion of military spending in GNP</u>	<u>Accumulation norm</u>	<u>Labor productivity increase</u>	<u>Increase in GNP</u>
United States	6.17	15.1	2	3
FRG	2.8	24.1 <sup>1</sup>	5.41	3.1
Japan	0.9	32.7 <sup>1</sup>	8.1 <sup>1</sup>	6.9

<sup>1</sup>1979.

Estimated from "Economic Report of the President," 1982, pp 278, 355; ECONOMIC INDICATORS, OECD, December 1982, p 3; MAIN ECONOMIC INDICATORS, OECD, December 1982, pp 33, 55.

#### The Scale of the Emasculation of the Economy

Ideologists of the military-industrial complex usually emphasize that U.S. military spending constitutes only a small proportion of its GNP--5-6 percent (1980-1981) or less. The Reagan administration has set the goal of increasing it to 7.1 percent by 1986. But from past experience and, particularly, considering the uncertainty of the pace of the economy's recovery, which, in any event, as yet remains below the administration's optimistic estimates, it is highly probable that this proportion could exceed 8 percent of GNP. At first sight the difference is not that big and, what is more important, in the history of the United States in the past 50 years this indicator has repeatedly been considerably higher: at the time of the Vietnam war (8.9 percent), the Korean war (13.1 percent) and during World War II (over 40 percent of GNP). The supporters of a from-a-position-of-strength policy, who are currently calling the tune in Washington, interpret these figures perfectly straightforwardly: what potential the United States still has for an arms buildup. Well, potential, of course, yes. But to believe that it may be used without regard for the present ailing state of the American economy would be profoundly mistaken.

None other than President Reagan acknowledged in one of his first speeches after taking office that the United States had the oldest machinery of all the industrially developed capitalist countries. Its replacement requires major capital investments. Meanwhile the Pentagon budget, which is the equivalent of \$246 billion in 1983,\* is in excess of the net profit of all U.S. corporations, which is a principal source of the financing of this replacement. Military spending is also used to a certain extent for investments in the fixed and working capital of the companies engaged in military production, it is true. But this fact does not in the least improve the position of all the other companies which do not have access to the military trough. According to available data, annual military spending constitutes almost half of the overall capital investments in the United States in buildings, machinery and equipment. At the end of the 1970's \$46 were spent on military needs in the United States per \$100 of capital investments, in the FRG \$18 and in Japan \$3.7.\*\*

\*"Budget of the United States Government. Fiscal Year 1984," Washington, 1983, pp 5-8.

\*\*THE NEW YORK TIMES 26 July 1981.

H. Stein's assertion that "expenditure of 1, 2 or 3 percent of GNP on defense more or less compared with the current level would not have an appreciable influence on the economy"\*\* appears in the light of the above facts strange, at least. Insofar as in this case it is a question not of a one-time expenditure but of spending over a lengthy period, a reduction therein or an increase in an amount equal to 3 percent of GNP would, even in the medium term, appreciably change the scale of capital accumulation, not to mention a period of several decades. The sum total of the United States' military spending since the war is indicative from this viewpoint.

Since the end of World War II up to President Reagan's assumption of office (1946-1980) the United States spent \$4.2 trillion (in 1980 prices) on rearmament. If to this figure we add the sum of \$1.6 trillion (according to a more precise estimate--\$1.8 trillion) which the United States intends to spend in the period 1981-1986 in accordance with the military program proposed by *No. III*, total U.S. military spending in four decades (1946-1986) constitutes no less than \$6 trillion (in 1980 prices).\*\* Most likely, it will exceed this figure, despite the "cosmetic" changes in the military budget which are currently being discussed in the U.S. Congress. But even if this does not happen, the scale of the emasculation of the country's economy connected with the expenditure of economic resources for unproductive military purposes remains, nonetheless, an unsurpassed record of the 20th century.

Let us contrast the total military spending of the United States over 40 years with the aggregate reproducible national wealth, which includes the cost of all production and nonproduction capital, including the military product and the property of the population exclusive of the appraised value of land as non-reproducible wealth. According to the latest available data, it constitutes \$7.8 trillion (in 1980 prices).\*\*\* This means that everything spent in the United States in 40 years for military purposes is entirely sufficient for reproducing or replacing four-fifths of what the United States possesses today and which has been made by human hand.

According to calculations made in the USSR Academy of Sciences Institute of the United States and Canada, the total damage expressed in the end product shortfall in 1946-1979 as a result of the militarization of the U.S. economy constitutes from \$3.4 to \$5.3 trillion (in 1972 prices) or from 2.4 to 3.7 percent of GNP in 1979.\*\*\*\*

Such in general outline is the impact of the arms race on the U.S. economy. In the light of the adduced data much begins to become clear in the present economic difficulties of the United States and, at the same time, of Britain--the two NATO members who participate the most actively in the insane arms race. There is no harm in recalling that long before Reagan's "crusade"

\*THE WALL STREET JOURNAL 14 February 1983.

\*\*Estimated from "Statistical Abstract of the United States, 1981, p 354; "...1954," p 241; "The Budget of the U.S. Government. Fiscal Year 1978," p 436; "Economic Report of the President," February 1983, pp 246-247.

\*\*\*"Statistical Abstract of the United States," 1981, p 455.

\*\*\*\*See "United States: Military Production and the Economy," Moscow, 1983, p 48.

against the social programs of the federal government it was considered a sign of good style among American economists to mention that "there is no free lunch." Everything has to be paid for--either by the consumer or the taxpayer. It would do no harm to bear this truth in mind during discussion of the question of whether the United States spends more or less on rearmament and whether it is possible to avoid retribution for the net costs of such an apocalyptic scale as four-fifths of the country's entire reproducible national wealth.

Is this not a principal cause of the emergence of serious disproportions in the U.S. economy, the slowing down of capital accumulation and the replacement of fixed production capital, the growth of the national debt, which has already passed \$1.2 trillion, and the conversion of inflation into a chronic ailment ready at any moment to explode with new force? Does this not contain an explanation of the amazingly neglected state of the infrastructure for such a wealthy country as the United States, where water supply and sewerage in many cities are in need of urgent capital repairs, highways are in need of restoration and 40 percent of bridges are in a damaged condition?\*

May not the increased production of increasingly sophisticated weapons systems also explain to some extent the slowing of the growth rate of and, at times, the decline in labor productivity in the civilian sectors of industry and the constant decline in the competitiveness of American commodities? Particularly if it is considered that the number of scientists and engineers in the nonmilitary sectors of U.S. industry at the end of the 1970's, constituted 38 persons per 10,000, whereas in the FRG they constituted 40 and in Japan 50. It is not likely since then that this ratio has changed in favor of the United States, particularly considering the military policy of the present administration.

Given the approach to the use of national resources as has predominated in the United States for the greater part of the postwar period, there is nothing surprising in the fact that the key problems of the American economy remain unresolved, that fixed capital is being replaced slowly or not at all and that the retooling of the economy or "reindustrialization," without which the United States cannot put an end to its growing relative lag, appears no more than a fine slogan.

Comrade Andropov, general secretary of the CPSU Central Committee, observed in a speech at the CPSU Central Committee 15 June 1983 Plenum: "The methods with which capitalism has managed to maintain the relative stability of its development since the war are becoming increasingly ineffective. It is becoming increasingly clear that imperialism is incapable of coping with the social consequences of a scientific-technical revolution which is unprecedented in depth and scale, when millions and millions of working people are being condemned to unemployment and poverty."

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\*See NATION'S BUSINESS, December 1981, p 30; NATIONAL JOURNAL 12 June 1982, pp 1040-1041; BUSINESS WEEK 26 October 1981, p 91.

The program of mass rearmament is not, of course, the sole and, perhaps, not the most important reason even for the economic difficulties being experienced by the United States. These difficulties are the natural result of the profound intrinsic contradictions inherent in capitalism as a system of economic management. But in the nuclear age the militarization of the economy, taken to its logical conclusion, represents a particular danger for it is fraught with the risk of a war which is a threat to the existence of human civilization itself.

As far as the United States is concerned, if its ruling circles continue to persist in their endeavor to break up the existing military parity and restore to the United States the status of "No 1 military power," they risk losing many of the characteristics of the great "No 1 economic power" of the capitalist world, with all the political consequences ensuing from this.

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## WEST'S POLICY NOT CONDUCIVE TO EAST-WEST TRADE GROWTH IN 1980'S

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 53-66

[Article by L. Sabel'nikov: "Trade Policy of the Developed Capitalist Countries in the 1980's"]

[Text] The capitalist countries' trade policy is a most important condition of the formation of flows of international exchange. The role of this policy has increased appreciably since the war inasmuch as there has been an increase in the scale of exchange and many others forms of economic relations, which have become an object of governments' influence, have been added to the traditional sale and purchase transactions. There has been an expansion of the arsenal of trade-policy resources and an increase in the significance of trade policy in the economic life of the capitalist countries, which is becoming increasingly internationalized.

The past decade was a special period in the development of the economy and trade policy of imperialism. It was characterized not only by an exacerbation of interimperialist conflicts and increased disproportions in the world capitalist market but also by the crisis of the system of state-monopoly regulation, including foreign trade policy, which revealed, inter alia, the untenability of certain traditional directions and methods. All this together predetermines the possibility of appreciable changes in the capitalist countries' trade policy, which, in turn, will be reflected in the subsequent development of world economic relations.

### Principles and Particular Features of Forecasting

Forecasting the developed capitalist states' trade policy is attended by many difficulties. They are brought about not only by objective factors like, for example, the fact that in opposition to the trade-policy activity of each government are spontaneous market forces, the interests of the oppositional part of the national monopolies and other countries' state regulation of foreign economic relations.

The methods of economic forecasting based both on various quantitative indicators--the extrapolation of statistical data and the use of mathematical models--and on the results of polls of employers and consumers--which are generally accepted in the capitalist world are virtually inapplicable in this sphere. Only logical modeling could serve as the basis for determining the most probable directions of trade-policy activity. It requires an elucidation of the socioeconomic motives by which governments are guided in the development and adoption of decisions concerning foreign commodity turnover, an analysis of the measures being implemented providing for the intervention of state authorities in the development of this commodity turnover (unilaterally, bilaterally or multilaterally) and, finally, a critical evaluation of the statements of official representatives and the opinions of experts and bourgeois scholars.

The strategy and tactics of imperialist governments' trade policy are formed under the influence of three groups of permanent factors. The fundamental regularities of the development and location of the production forces constitute the first group. Despite all the scientific-technical, industrial and financial might and also despite the dominant position on the world market of the capitalist powers, their governments cannot entirely ignore these objective regularities. They must, *inter alia*, by means of foreign economic relations maintain certain proportions between national material and human resources, production and consumption, the commodity mass and effective demand and receipts and payments in settlements with other countries. In endeavoring to increase the effectiveness of trade-policy measures governments cannot fail to take account of the processes of the industrialization of trade, the increased role of the intracorporation turnover of the transnational monopolies in international exchange and the internationalization of production and capital.

The extension of the international division of labor and the development of the production forces under the conditions of private-ownership economic management are sharply exacerbating the problem of balancing the national and world capitalist economies. This is increasing the "load" on governments' foreign trade policy: it requires a considerable broadening of their functions as coordinating, controlling and regulating centers.

The second group of factors consists of general capitalist interests expressing the concurrence of the long-term aspirations of the monopolies and, in the final analysis, their class approach to trade policy. These interests curb the trend toward the exacerbation of interimperialist commercial-economic rivalry when an intensification thereof threatens unity (for example, the revival of activity, in the sphere of import regulation and the regulation of export financing in the 1970's and 1980's). General capitalist interests prompt the countries of developed capitalism to limit "free competition" if a serious danger for domestic markets arises from outside, primarily on the part of the developing states, and at the same time to commercial-economic concessions in favor of the young states on condition that such concessions not go beyond the framework of neocolonialist strategy.

Finally, in the third group of factors are the individual interests of each capitalist country. Given government support, the national monopolies endeavor to impose on their partners an international division of labor profitable to themselves. "Economic nationalism is a latent force which exists in all countries," (M. Druen) and (G. Mal'mgren), Canadian professors and leaders of consulting firms in Washington and London, observe.\*

The capitalist countries' individual interests in trade policy are formed to a great extent, as a rule, under the influence of economic and not political motives. For this reason national measures are usually more "apolitical" than the measures implemented in concert within the framework of regional or multi-lateral agreements. The actions of the United States, whose ruling circles consider themselves the spokesman for the interests of the capitalist work, are the exception.

The factors influencing the formation of the developed capitalist countries' trade policy are closely interconnected in real life, but manifested variously. Economic regularities act as deep-lying factors; they stimulate a quest for compromise in the development of governments' trade-policy strategy. General capitalist interests possess independence to a certain extent and also unite these countries in trade policy. They operate not as an objective necessity but as the subjective will of the ruling class, reflecting primarily the aspirations of the most influential monopoly circles. The composition of the latter is impermanent, which imparts changeability and contradictoriness to the action of this group of factors.

Finally, the individual interests of the capitalist countries are manifested primarily in governments' day-to-day trade-policy activity and in the tactics of their behavior, uniting and disuniting countries for a certain period. Despite the unity of the ultimate goals of the imperialist states, their individual interests predetermine a varying approach in the choice of priorities and means of accomplishing their economic tasks.

History testifies that initiatives in this sphere usually emanate from the major capitalist countries. However, their role in the formation of the West's general policy is dissimilar: it depends on the economic might of the country determined by its relative significance in production, international exchange, gold and currency reserves and so forth. This role also depends on the extent to which national policy expresses the long-term interests of capitalism as a whole and objective economic processes. For this reason a certain discrepancy between a country's positions in the world economy and the influence which its government exerts on the formation of capitalism's trade policy is possible. If a state's commercial-political policy more fully reflects the fundamental interests of other capitalist countries and the general trends of economic development at a given stage, this state's influence on the formation of imperialism's trade policy could be greater than the place it occupies in the world economy and vice versa.

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\*FOREIGN AFFAIRS, Winter 1981/82, p 406.

The forecasting of the capitalist countries' trade policy in the 1980's is considerably complicated by the increased degree of its uncertainty. This is connected not only with the change in the main trends in the development of their economy in the past decade and the increased instability on the world market but also with the fact that the monopoly capital of certain major countries, primarily the United States, is counteracting the expansion of the state's intervention in international trade, while governments' trade-policy activity is being burdened increasingly by foreign economic tasks.

Back at the start of the 1970's the U.S. commerce secretary declared that in the future the United States would treat commercial and political issues increasingly less as entirely separate issues and that concessions in one sphere might easily be exchanged for concessions in the other. In the 1980's such actions of the U.S. Administration are becoming increasingly frequent and high-handed. For the first time in the history of postwar relations between the United States and Japan Washington has attempted to link questions of its auto exports to the American market and "mutual security," demanding a limitation of deliveries of motor vehicles or increased arms spending.

The "politicization" of trade policy is characteristic of other capitalist countries also. Thus the New Zealand prime minister warned the Washington administration in mid-1981 that in the event of an increase in customs duties on wool (which the American Wool Producers Association is seeking), his government would not endeavor to increase his country's role in the ANZUS military-political grouping.\*

The unpredictability of the actions of imperialist governments, when they sporadically resort to economic sanctions against the socialist and developing states as a means of achieving political ends or blackmail, represent a particular difficulty for forecasting. For example, the U.S. Administration, according to a statement of a representative of the U.S. National Farmers Union, has on at least 10 occasions in the past 15 years blocked exports of agricultural products and created artificial barriers to their sale abroad. In 1981-1982 it resorted to trade sanctions in respect of Poland and the Soviet Union, disregarding multilateral agreements and the rules of international law.\*\*

Finally, particular mention should be made of the importance of the external factors influencing the formation of the capitalist countries' trade policy. I refer to the impact of the expanding participation of the socialist and developing countries in the international division of labor and the growing movement of progressive forces for a just reorganization of international

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\*NEWSWEEK 13 July 1981, p 35.

\*\*Poland, a member of GATT, was unilaterally deprived by the United States of most-favored-nation status, which is a fundamental principle of this intergovernmental agreement. Prohibiting overseas affiliates of American companies supplying equipment to the USSR for the construction of the gas pipeline violated the sovereignty of other capitalist countries.

economic relations. The capitalist states are being forced to come to terms increasingly with other countries' demands and adapt to the new conditions of exchange and, on the other hand, perfect the means of securing privileges on the world market and more assertively counteract the process of the weakening of their positions. At the same time the possibilities of the West's trade-policy maneuvering in the 1980's will obviously be limited as a consequence of the serious economic difficulties and contradictions.

#### Impact of New Phenomena

In the formulation of trade-policy strategy for the coming decade the developed capitalist countries were forced to take account of the most important processes occurring in their economy and also in the economy of the developing states. It is a question primarily of certain new trends on the manpower, food, fuel-raw material commodity and industrial product markets which were ascertained in the 1970's leading to an exacerbation of international economic relations.

One such trend in the economic life of the capitalist world capable of seriously tightening the trade policy of many governments in the 1980's is the increased disproportions between human resources and the possibilities of their use. In the developed capitalist countries the situation on the labor market will evidently be extremely strained owing to the rapid increase in the army of "superfluous people". The latter is connected not so much with the chronic underleading of production capacity, which usually increases in periods of economic crises, as with the further development of the scientific-technical revolution, particularly with the development of the comprehensive automation of production based on the use of computers, robots, microprocessors and so forth. Incapable of curbing the growth of unemployment by economic means, the governments of the capitalist countries are resorting increasingly extensively to trade-policy means: restricting imports and thereby endeavoring to maintain production and employment within the country.

A comparatively rapid population increase with extremely limited possibilities of catering for its requirements is expected in the developing states. Inasmuch as these countries' financial resources are inadequate for the creation of a large number of new jobs, a considerable rise in unemployment is anticipated here also. According to certain forecasts, by the year 2000 the number of unemployed among the urban population of the developing states will amount to 1 billion.

The limited capacity of the market and the strained socioeconomic situation in Asia, Africa and Latin America will probably complicate the development of trade with them, particularly the balancing of commodity turnover, and require stimulation of the search for means to solve this problem. The development of the more effective stimulation of exports (various benefits and guarantees to the suppliers) and also the creation of conditions conducive to the investment of the developed countries' surplus capital in the "surplus" manpower of the developing countries obviously require paramount attention.

The new situation in the capitalist world is also engendered by the disproportion in the provision of industry of the developed countries with fuel and raw material and the developing countries with food. The energy and raw material crises have for the first time created a threat to the reliability of the provision of consumers in the developed capitalist countries with many types of raw material and fuel. The West's economic policy is not confined to assisting the development of the less energy-intensive economy and a search for its own alternative sources of supply. It also includes the development of measures to ensure uninterrupted supplies of fuel-raw material commodities from abroad, particularly from the developing states, which are the principal exporters of such commodities.

The West's interest in the dependability of these supplies (which are of military-economic significance) will prompt the governments of capitalist countries to display trade-policy initiatives. In particular, new steps on their part are possible in the 1980's aimed at stabilization of the world trade in individual types of raw material and expansion of the practice of the conclusion of bilateral long-term contracts for the purchase thereof. As a counterweight to the joint actions of the emergent states, more extensive use will obviously be made of strategic raw material and fuel stockpiles for putting pressure on world commodity markets.\* A certain slackening of the demand for raw material and fuel at the start of the 1980's is evoking in the West, particularly in the United States, an aspiration to return in relations with the developing states to the methods of diktat and interference in their internal affairs.

Growing disquiet in the West is being caused by the problem of ensuring the stability of supplies of raw material from Africa, which is very rich in natural resources, inasmuch as in a number of developing countries of this continent fundamental social changes have occurred. The African countries evidently obtain a certain preference, for example, in the question of the granting of trade-policy concessions or financial resources within the "development assistance" framework in exchange for easier access to their raw material.

The relative overproduction of agricultural products characteristic of the capitalist world in the 1950's-1960's was replaced in the 1970's by increasing demand over supply. The increased imports of the developing states have played an essential part in the changes in the situation on the world food market. They have become permanent purchases of food products abroad owing to the backwardness of the economy, single-crop agriculture and the growth of the population of the cities. Thus the developing states' grain imports, which in 1960 constituted 20 million tons, had increased to almost 80 million tons in 1980. At the end of the current decade they will have risen, according to estimates, to 150 million tons.

\*Symptomatic, for example, was the United States' unprecedented selling off in 1982 of copper, tin and silver at low prices, which led to a fall in world prices and a reduction in the exports of these metals from the developing countries. Thus the price of silver fell 50 percent, which greatly damaged Mexico and Peru.

Under the conditions of the increased shortage of food products forecast in the West the governments of the developed capitalist countries are paying particular attention to the expansion of agricultural production for export. And not so much, furthermore, to improve trade balances as to achieve other economic goals, in particular, for guaranteeing reciprocal purchases of raw material from the developing states at modest prices, the imposition on them of unfavorable conditions for the sale of industrial product and the establishment of favorable conditions for the overseas enterprises of the transnational corporations. In other words, policy in the sphere of food exports could become a principal instrument of imperialist circles' struggle to retain privileges on the world market.

Bourgeois experts, referring to the United States, noted at the start of the 1980's even that "agricultural exports have become a basic component of trade strategy."\* At the eighth session of the World Food Council in June 1982 the U.S. agriculture secretary stated the administration's intention of using food supplies as an instrument of political pressure in "extreme situation".

Thus the fuel-raw material dependence of the developed capitalist countries' economy on the developing countries could limit the West's possibilities of achieving unilateral advantages in trade with the young states. And, conversely, the latter's growing food dependence on the industrial capitalist countries is strengthening their positions in relations with the young states and also prompting the more extensive use of noncommercial supplies of agricultural commodities (food "aid") for political pressure.

The international exchange of products of processing industry is being complicated in the 1980's as a consequence of the relative overproduction of many commodities in the capitalist countries, the increase in the supplies of competing products from the developing states and the increased rivalry of the transnational corporations on the world market. In the developed capitalist countries the pace of the introduction of new equipment and technology is increasing, the unit capacity of equipment and the optimum size of enterprises are growing, the time taken to create and assimilate production capacity is being reduced and more sophisticated means of transportation are appearing. As a result the flow of finished products is increasing, although the capacity of the capitalist market is increasingly failing to correspond to this flow.

Possessing appreciable advantages in the manufacture of labor-intensive commodities (textiles, clothing, footwear, wood products and ceramics, artificial jewelry, bicycles, motorcycles, radio receivers, television receivers, calculators, watches, optics and so forth), the developing states are endeavoring to make the maximum use of their advantages to accelerate economic development. Whereas in 1960 the industrial product (other than nonferrous metals) constituted around 10 percent of the exports of developing countries, in 1980 it was over 18 percent. The programs which are being implemented for

\**LE MONDE DIPLOMATIQUE*, February 1982.

expanding production capacity for the sale of products on foreign markets testify to the intention to continue to adhere to the chosen course. UN experts forecast an increase in the relative significance of these products in the developing countries' exports to 28 percent by 1985 and 38 percent by 1990.\*

The problem of marketing processing industry products is also exacerbated owing to the fact that overseas enterprises of the transnational corporations are the exporters of an increasingly large mass of products from the developing states to the developed capitalist countries. Taking advantage of the benefits of the global division of labor, they are thereby struggling against their competitors, ignoring the national interests of both the developing and the developed capitalist countries.\*\*

All this is predetermining the inevitability on the one hand of large-scale interimperialist trade confrontations and, on the other, an intensified search for compromises and new forms and spheres of foreign economic relations. Acceleration of the production and marketing of science-intensive products enjoying high demand and having a comparatively narrow circle of competing suppliers and also the extension of international production specialization and cooperation will obviously be an important direction of the trade-policy activity of the governments of Western countries in the 1980's.

Upon assessing the prospects of the development of the capitalist countries' trade policy it is essential to take account of a possible weakening of their positions in the world economy as a consequence of a lag in economic growth rate behind the socialist and developing states which is forecast by a number of national and international organizations. For example, a report of a group of UN experts headed by V. Leont'yev entitled "Future of the World Economy" adduces the following possible change in the most important groups of countries' share of world exports (% 1970 prices):

	1970	2000	
		<u>Variant I</u>	<u>Variant II</u>
Developed capitalist countries	68.7	64.7	63.2
Developing countries	16.2	17.2	19.1

Source: "Future of the World Economy," Moscow, 1979, p 133.

\*"Development and International Economic Cooperation: Long-Term Trends in Economic Development," United Nations, New York, 1982, Annex, p 63.

\*\*For example, in September 1981 the French Government adopted the decision to restrict imports of electronic watches from Hong Kong, which exceeded 50 percent of their production in the country (the biggest suppliers of mechanisms and parts for Hong Kong watches are Japanese and Swiss monopolies). In response a campaign began in Hong Kong to boycott French cognac, and the watch exporters announced that henceforward they would ship products to France from their affiliates in Singapore.

The industrial capitalist states, according to the adduced data, will be the sole group of countries whose role in the world market will decline in the coming decades (compared with 1970). A further stimulation of the participation of their governments in the development of foreign trade may be expected under these conditions inasmuch as international exchange makes it possible to stimulate economic life.

As Western experts believe, the development of world trade will slow down in the future. This will create additional strain in trade-policy relations insofar as each government will endeavor not only to accelerate exports but also to limit foreign commodities' access to its domestic market. It was not fortuitous that A. Dunkel declared at the start of 1982: "I, as general director of GATT, believe that protectionism is the main problem in world trade."\*

Thus conflict situations on the capitalist market are multiplying. Back at the start of the decade American economists wrote that "...the 1980's as a whole promise an unusual aggravation of economic relations between the United States and its most important allies."\*\* Countries' increasingly frequent unilateral departure from the former principles and rules of trade regulation which they themselves had developed and the mass abuses of the monopolies and the authorities in the foreign economic sphere of activity could represent something new. Intergovernmental documents adopted in the West in 1981-1982 testify that the struggle to uphold rules of world trade agreed multilaterally is becoming a central trade-policy problem in the 1980's.

Despite all the importance of the impact of economic phenomena on the formation of the capitalist countries' trade policy, it is essential to bear in mind that the specific directions thereof are largely determined by the correlation of forces on the world market. Appreciable changes may occur in this sphere also in the 1980's.

#### Most Important Trends

The growing rivalry among the three biggest exporters--the United States, the FRG and Japan--in the course of which the gap in the value of their exports is tending to diminish, will obviously be reflected in the trade policy of the developed capitalist countries as a whole.

#### Share of Capitalist World's Exports (%)

	1950	1970	1980
United States	18.2	15.2	11.9
FRG	3.6	12.3	10.5
Japan	1.5	6.9	7.1

Source: "Handbook of International Trade and Development Statistics," New York, 1982, Supplement 1981, p 2.

\*IL SOLE--24 ORE, 30 March 1982.

\*\*U.S. NEWS AND WORLD REPORT 21 January 1980, p 62.

In capitalist exports the United States' share is declining and Japan's increasing. This process proceeded rapidly until the 1970's. The FRG's relative significance has been comparatively stable recently. Bourgeois experts forecast for the current decade a further decline in the United States' share and an increase in Japan's. Thus for the first time since the war the FRG and Japan are disputing the leadership in international trade, while the United States faces the threat of losing it.\*

The United States, which makes particularly frequent use of protectionist measures, occupies a negative position in respect of the economic demands of the developing states and practices widely discriminatory measures in trade. This is increasingly contrary to the long-term trade interests of many capitalist countries. The emphatic rebuff which greeted the U.S. attempt to prevent West European firms participating in the large-scale "gas--pipes" contracts inasmuch as it contributes to the solution of their energy problems and the loading of production capacity was significant.

It was not fortuitous that the bulletin EUROPE, official organ of the EEC, wrote in this connection: "The United States cannot lay claim to the position of leader, reserving for itself the right to force its partners to pursue a suicidal economic policy." The authors of the article end by concluding: "In the past decade we have witnessed...the growing trend of the U.S. Administration toward basing U.S. policy not on the concrete reality which the West European leaders encounter but on strategic abstractions and ideological rhetoric."

The United States' defeat at the 38th GATT Session, which was held at ministerial level in November 1982, is also indicative. In the course of preparation for the session Washington drew up a series of proposals (concerning rules of international trade in services, agricultural products and "high technology" commodities, regulation of overseas investments and such) with which it endeavored to create conditions for the furtherance of the economic expansion of its monopolies, disregarding the interests of other countries. However, not one of these proposals was supported by a majority of GATT members or adopted. Nor was the U.S. delegation helped on this occasion by methods of "arm-twisting" its trade partners reminiscent, as an EEC representative put it, of the "sheriff's actions" in the Wild West.

Meanwhile the FRG and Japan, together with a number of other capitalist countries, oppose, as a rule, the establishment of new trade barriers. They are displaying a readiness for concessions to the developing states and aspire to stable cooperation with the socialist countries. All this reflects the long-term economic interests of the West, that is, the viewpoint, as V.I. Lenin put it, of "prudent capitalists".\*\*

\*The United States' main rivals are also squeezing it in the export of capital (by the end of the 1980's Japan hopes to reach second place in the world in terms of volume thereof). The share of the FRG and Japan in the capitalist world's gold and currency reserves is increasing. The significance of the Deutschmark and the Japanese yen in international settlements is growing.

\*\*See V.I. Lenin, "Complete Works," vol 42, pp 69-70.

Thus the prerequisites are being created for a change in leadership in modern imperialism's trade policy also, which will obviously lend certain new features to its further formation. The FRG and Japan depend to a greater extent than the United States on the world market and, relying on their relatively highly developed and specialized industrial potential, endeavor to make more active use of the advantages of the international division of labor. For these two countries an easing of trade barriers is tantamount to acquiring greater freedom in the competitive struggle against rivals which are becoming weaker. Besides, for their foreign trade the main groups of states are of a different significance than for the United States, and, consequently, their foreign economic strategies are built on other priorities.

The positions of the FRG and Japan in the world market, in turn, have appreciable differences, which, evidently, will be reflected in their trade activity. The policy of the FRG Government, which is aimed at the development of international exchange, in the 1980's will obviously be held back by commitments within the EEC framework and domestic difficulties. Among its participants are major countries interested in the extensive use of protectionist barriers, particularly Great Britain, France and Italy. Furthermore, it is becoming increasingly difficult for the West German Government under the conditions of the increase in unemployment, unprecedented since the war (6.9 percent of the able-bodied population in 1982 compared with 2.5 percent in the 1970's and 0.9 percent in the 1960's), to resist the pressure of the supporters of protectionism within the country. For this reason it is difficult to expect from the FRG assertive actions in the sphere of a "liberalization of international trade; it will most likely merely curb the protectionist tendencies in the capitalist world.

The second pretender to leadership--Japan--has the chance and intention to seek greater participation in the international division of labor. Its economists have declared the 1980's "Japan's decade". They forecast a considerable increase in investments, industrial production and, particularly, exports. The compilers of the "New 7-Year Plan of Japan's Economic and Social Development" for 1979-1985, approved by the government, pointed out that the country must "make a positive contribution to the development of the world economy." Japan's proposal concerning the formation of a "Pacific economic community" consisting of 10 developed capitalist and developing countries could be considered a practical step in this sphere.

Japan, as the Western press observes, is increasingly demonstrating independence in the trade-policy sphere, openly expressing complaints about the United States and commenting on its action with disapprobation. In 1980, for example, for the first time since it joined GATT Japan lodged an official complaint with the United States and demanded cancellation of the high discriminatory tariff established by the Americans on Japanese trucks. Its prime minister addressed blunt remarks to Washington in connection with the imposed "voluntary" limitation of passenger car exports to the United States. At an OECD Ministerial Council session in May 1982 Japan supported for the first time the critical speeches of West Europe's representatives in respect of U.S. policy.

A certain reassessment by the GATT leadership of the possibilities of the biggest capitalist countries' impact on the regulation of international trade in the 1980's merits attention: it now puts considerably more hopes in Japan than ever before. A. Dunkel's report at the 12th conference of the Association of Japanese Business Representatives in Tokyo (1 July 1981), "The Future of the Free Trade System: Japan's Role," testifies to this.

Noting at the start of the speech that international trade relations had entered "the most difficult phase for the past 40 years and more," Dunkel emphasized Japan's special mission in strengthening the GATT mechanism. "Japan needs a strong and healthy multilateral trade system," he declared. "And this system, in turn, needs the telling and active contribution of Japan, I would even say, leadership."\* Substantiating his position, Dunkel added that in the past Japan had benefited the most from the existing system of trade regulation and would risk losing most were the efficiency of this system to be eroded.

In forecasting a possible increase in Japan's influence on the trade policy of the capitalist countries as a whole it is obviously essential to bear in mind the main singularity of its foreign economic relations--their concentration on the developing states. Japan has reached first place in the volume of trade with these countries, and the latter have become the principal foreign sales market for products of its processing industry. Such trade geography is reason to suppose that the Japanese Government will emphasize relations with the developing states, particularly the aspects which contribute to mutual adaptation of the industrial production structure.

The orientation toward a comparatively new trade-policy role for Japan in the capitalist world requires of it a certain revision of the strict system of limiting imports. It consists not only of traditional protectionist means, particularly high customs tariffs and a considerable number of quantitative limitations, but also many specific means--government purchases or an intricate inspection of the quality of foreign goods. The Japanese Government has been taking the first steps in this direction, under the strong pressure of other countries, it is true, since the start of the 1980's. The anticipated changes in the commodity structure of its imports may serve as indirect confirmation of the Japanese Government's intention to increase foreign industrial products' access to the domestic market. Experts of the Japanese Economic Research Center forecast that finished products' share of the country's imports in the current decade will increase from 24 to 46 percent.

Conflicts are increasing even more in the developed capitalist countries' trade with the developing countries. There is a number of reasons for this: the deepening of the gap in the economic position of the two groups of countries, frustration of the scheduled program of the accelerated growth of the economy of the young states in the period of the UN's Third Development Decade, the increase in their indebtedness (in 1982 it had risen to \$626 billion) and monopoly capital's increased financial exploitation.

\*"Press Release". GATT/1292, 1 July 1981, p 9.

It is indicative, for example, that many transnational corporations have begun to set up a special administrative machinery for determining the probability of political risk in the developing states. Approximately 100 American transnational corporations have organized such a machinery within the framework of the departments engaged in international planning. An association of political risk specialists was formed in March 1981 in New York to improve the collection of information on situations threatening exports and overseas capital investments.\*

Under the conditions of the monopolies' growing interest in the resources and markets of the developing states and at the same time the increasing antagonism between them and the imperialist countries bourgeois governments, judging by the joint documents adopted at the start of the 1980's and the speeches of high officials, will be guided by the former neocolonialist concept of states' "interdependence". In accordance with this, they intend to stimulate relations with the young states and accelerate the export of private capital to keep them within the framework of the capitalist system. However, despite the common neocolonialist aspirations of Western countries, appreciable differences are being revealed in their approach to the achievement of these goals.

The United States is oriented increasingly toward a tough trade-policy course in respect of the developing states. It has virtually opted for the path of refusing to participate in multilateral global negotiations on most important economic problems in accordance with UN decisions. Washington is endeavoring to conduct bilateral negotiations with the young states in order to foist unequal relations on the latter. The United States is having extensive recourse to depriving the developing states of tariff preferences on the pretext of the increased competitiveness of their products or as sanctions, frequently establishing import restrictions for protectionist and political reasons and cutting back on the granting of financial resources for "development assistance".

The United States is attempting to shift the main accent in economic relations with the developing states onto an increase in private investments. For this reason it is demanding of the young states that they ensure for the exporters of capital privileges and guarantees underpinned by the decisions of international organizations. American experts formulate the action program thus: "The government hopes to adopt measures immediately on several fronts and create an international system of rights and duties regulating the handling of foreign capital investments partially on the basis of a strengthening of existing multilateral institutions and partially on the basis of the creation of new or modernized bilateral investment agreements."\*\* The experts evidently have in mind the development in the interests of the transnational corporations, given GATT participation, of rules of the realization of overseas investments determining, inter alia, the rights of the investors and then the conclusion of favorable bilateral agreements concretizing these rules.

\*NEWSWEEK 20 April 1981, p 47.

\*\*FOREIGN AFFAIRS, Winter 1981/2, p 407.

Many other capitalist countries aspire to trade-policy compromise in relations with the developing states. Among them are the majority of EEC members, the Scandinavian countries, Switzerland and also Japan. Of the major West European states, France displays considerable interest in expanding relations with the developing countries. It stepped up its bilateral trade-agreement activity with them markedly at the start of the 1980's, accompanied by increased allocations for "development assistance". Thus in October 1981 it signed an agreement with Mexico on a strengthening of economic and financial cooperation which emphasized the need to contribute to the establishment of a new international economic order and proclaimed a new stage in the development of relations between the countries. Three protocols on granting Mexico credit were signed at the same time. At the start of 1982 a long-term contract was concluded with Algeria in accordance with which France agreed to pay a higher price for Algerian gas. Negotiations with Morocco culminated in May 1982 in the signing of three protocols providing for financial "assistance" for the purchase of industrial equipment over a 5-year period (of Fr6 billion).

An agreement was signed in mid-1982 in Paris on economic, scientific and cultural cooperation with Nicaragua. It provides for financial assistance of the order of Fr100 million for an improvement in the balance of payments and the realization of a number of industrial projects. F. Mitterrand declared in connection with the visit of a Nicaraguan delegation: "We will advocate that the EEC develop cooperation with the Central American countries, particularly Nicaragua, in the sphere of economics and finance."\* A new term has appeared in the Western press defining relations between the developed capitalist and developing countries--"the French way". It implies a greater readiness compared with other capitalist countries to meet the developing states half-way in the sphere of trade-economic relations.

The small industrial countries are endeavoring to take advantage of noninvolvement in the colonial past in the interests of the uninterrupted supply to their industry of raw material imports and an increase in the sale of goods on foreign markets. They obviously take the side of France and Japan on questions of trade policy in relation to the developing states.

Three priority spheres are outlined in the developed capitalist countries' trade with the developing countries in the 1980's. One is assistance in overcoming economic backwardness and simultaneously the increased dependence of the least developed young states. Activity in this direction is connected primarily with political motives--the fear that extreme poverty and the deterioration of the position in their economy will speed up irreversible social transformations and a transition to the noncapitalist path of development. They will be given preference in the granting of trade-policy privileges (for example, in a lowering and cancellation of customs dues and other import restrictions), financial "assistance" and technology transfers.

\*L'HUMANITE 14 July 1982.

Such a policy was formulated in a number of intergovernmental documents of the start of the 1980's, for example, in the *communiqué* of an OECD ministerial session in June 1981 (clause 26) and the "summit" declarations in Ottawa (July 1981) and Versailles (June 1982). The EEC countries, primarily France, are displaying particular interest in strengthening trade-economic relations with the least developed young states. This has been brought about by the fact that 21 of the least developed states are in Africa, 11 of them being former French colonies, moreover.

The creation of trade-economic zones between groups of countries will be another priority sphere in the capitalist countries' policy, apparently. This neo-colonialist course testifies to the West's endeavor with the aid of new means to on the one hand impede the strengthening process of the integration of the national economies of the developing countries and the expansion of their co-operation with the socialist states, which is becoming an increasingly important factor in the struggle for the democratization of international economic relations, and, on the other, to pull the group of developing countries "in parts" increasingly deeply into the capitalist economic system. Particular emphasis here is being put on the countries which are of the greatest interest for monopoly capital.

Practically all the big states are the initiators of the formation of trade-economic zones. Thus the United States is paying great attention to the ASEAN countries. *Inter alia*, the first "United States--ASEAN" economic conference, in which over 100 American businessmen participated, which was held in November 1981 on Washington's initiative, and also a meeting on trade-economic questions of representatives of the R. Reagan administration and ASEAN in May 1982 testify to this. The meeting culminated in the signing of an agreement on cooperation (the United States undertook to grant loans of \$1 billion).

The Caribbean countries, excluding Cuba and Nicaragua, are becoming a sphere of the United States' growing attention. President R. Reagan presented a proposal at the start of 1982 on the expansion of trade-economic cooperation. He promised to cancel customs tariffs on many commodities for the next 12 years, increase financial "aid" (mainly to El Salvador\*) and assist the export of private capital by way of granting businessmen tax benefits.

The EEC countries are displaying a higher-than-usual interest in the states of Southeast Asia and Latin America. In particular, an agreement on EEC and ASEAN cooperation was signed in 1980 which the community regards as a model for future such agreements. It permits the Common Market states to increase commodity and capital exports to the countries of these regions in exchange for purchases of raw material and semimanufactured products.

\*Analyzing the "Caribbean Initiative" of the White House administration, the American journal FOREIGN AFFAIRS wrote in mid-1982, not without sarcasm: "By an irony of fate the Reagan administration has discovered the Caribbean in El Salvador--the sole country of this region lacking an outlet to the Caribbean" (FOREIGN AFFAIRS, Summer 1982, p 1043).

Japan is oriented toward even closer economic relations with the states of Southeast Asia and Oceania. The decision of the semigovernmental Japan Overseas Development organization at the end of 1981 to create in Singapore the first overseas branch for helping Japanese enterprises participate in the development of the ASEAN countries' industry testifies to this, for example.

Australia is endeavoring to strengthen and expand relations with the young island states of the South Pacific. Thus in 1981 it concluded agreements with some of them providing for an easing of import restrictions and the granting of interest-free credit for the creation of industrial enterprises.

The third priority sphere, evidently, will be the OPEC countries inasmuch as the overwhelming majority of capitalist states is interested in obtaining imported oil at a moderate price. In addition, the OPEC countries have accumulated large-scale currency reserves (approximately \$360 billion) and have become one of the most solvent foreign sales markets in the capitalist world. Strong political and economic motives will operate simultaneously in this priority sphere, as distinct from the others.

The capitalist world's trade-policy situation in the 1980's is largely different from the situation in preceding decades. The appreciable changes in the world economy and in the correlation of forces in the capitalist market are creating the prerequisites forcing the developed capitalist countries to take stock of the irreversible nature of the democratic transformations in the modern world and adapt to them and at the same time to aspire to common actions for the achievement of their imperialist goals.

An analysis of the possible directions of the developed capitalist countries' trade policy is also of importance for the ascertainment of their policy in respect of the socialist countries. Two trends will, apparently, operate here, as before--toward an expansion of and reduction in commodity turnover--but in new forms: not so much alternating in time, as before, as constantly confronting and disuniting the West. On the one hand we have the increasing aspiration of U.S. ruling circles to subordinate the West's economic relations with the East to their aggressive foreign policy. The results of the OECD Ministerial Council session and also the conference of the "Seven" in Williamsburg (May 1983), where the leaders of the leading capitalist countries declared: "East-West economic relations should be consonant with our interests in the security sphere," in particular, testify to this.

On the other hand, the differences between the United States and the remaining capitalist countries in their views on the scale and methods of restricting trade with the socialist states are increasing. The United States' partners see the attempts to wind down this trade as a real threat to their national economic interests and sovereignty even.

Thus there is reason to suppose that in the 1980's trade-policy conditions as a whole will not contribute to a growth of international commodity exchange. However, in the European region, where mutually profitable cooperation has been developed the most and has long-standing traditions, this will be manifested to a lesser extent than in other regions.

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DO: 1816/13

## NEW PHENOMENA SEEN FACING MARXIST ANALYSIS OF CAPITALISM

### New Global Problems

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 83  
(signed to press 14 Jul 83) pp 67-68

[Report by I. Ivanov: "Social Aspects of Global Problems in the Light of Marxist-Leninist Theory"]

[Text] In recent decades mankind has been confronted by new problems of unprecedented scale affecting the fate of the population of the entire world. It is a question of raw material and energy supplies, food for the world's growing population and the need to put an end to environmental pollution, which is a threat to life and health; and of eliminating the most dangerous and prevalent diseases, ending the dangerous trend of an increasing discrepancy in the socioeconomic development of the industrial countries and the young national states and averting the threat of thermonuclear catastrophe. Despite all their differences, bourgeois theories studying the essence of and reasons for the emergence of global problems (the "zero growth," "interdependence," "quality of life" and "humane market economy" theories) have a common feature--scientific-technical determinism and a disregard for socio-class prerequisites. A true scientific analysis is possible only from the standpoints of Marxism-Leninism.

Particular significance in this connection is attached to the theoretical propositions of Marxism concerning the fact that man's attitude toward nature is of a social character and is conditioned by the form of society and also to the teaching on the interdependence between the development of the production forces and the nature of production relations.

An objective prerequisite of the possible emergence of global problems encompassing the mutual relations of man and nature is the finite nature of our planet's natural resources. However, the seriousness of this problem is at the present time conditioned by social relations.

The production forces have currently reached a level of development at which the coordination of economic activity and planning on a global level in the interests of all mankind are essential. However, the trend toward the creation

of a single economy regulated according to a common plan, about which V. I. Lenin wrote in the theses for the Second Comintern Congress,\* is encountering increasingly big obstacles on the part of the capitalist form of ownership of the implements and means of production.

The contradictions between the development of the production forces and capitalist production relations are becoming increasingly serious in the light of the objective requirements which are confronting modern production. It is essentially a question of the transition to a qualitatively new technical base of all economic activity based on energy-saving and waste-free technology and the use of new types of engines not polluting the environment and of a change of the main thrust of scientific-technical progress toward an improvement in living conditions in the world. The practicability of such a change lies in the level of present-day science and technology which has already been reached. However, these possibilities are not being realized since the decisive component--science's connection with production and production itself--is concentrated under capitalism in the hands of private corporations.

Bourgeois theorists are constantly emphasizing the spontaneous nature of scientific-technical progress. However, they remain silent about the fact that scientific R&D is planned at capitalist firm level and is under the strict control of official priorities conditioned by the interests of the ruling class. The most striking example is the military thrust of scientific R&D, which in the United States alone swallow up over half the total appropriations for science.

Under the conditions of the exacerbation of the contradictions of capitalism and the intensification of the arms race present-day global problems are leading to an intensification of social contrasts. Never before has the scale of poverty and social catastrophes on our planet assumed such proportions. Currently, according to WHO data, over 500 million people in the world are starving and approximately 800 million live in hovels. Millions of people in the industrially developed countries and approximately half a billion in the developing countries are without work. And the expansion of the range of the universal law of capitalist accumulation is to blame for this.

New social strata--employees, engineering-technical personnel, scientists--are being pulled into the orbit of capitalist exploitation.

The complication of world economic relations and the transnational corporation's monopolization of the technology transfer channels are leading to the increased exploitation of the developing countries and the growth of their economic lag behind the industrially developed states.

The predatory use of natural resources for the sake of extracting the maximum profit is creating a shortage of such vitally necessary natural blessings

\*See V.I. Lenin, "Complete Works," vol 41, p 164.

as clean air, drinking water and contact with nature. The dangerous trend of their monopolization by the ruling class is emerging. As a result the contrasts in living conditions threatening the health and life itself of the oppressed masses are being aggravated sharply.

Thus present-day global problems are not so much of a scientific-technical as a social nature. It would be a mistake to underestimate the possibilities of the capitalist countries in the sphere of technical advance toward a solution of certain of these problems (the introduction of energy-saving technology, for example). However, as long as the universal law of capitalist accumulation operates, the social aspect of global problems will retain its seriousness.

A most important present-day global task is the struggle to avert a thermo-nuclear catastrophe. Removal of this threat ultimately contains the key to the solution of all remaining world problems. This proposition may be formulated at various levels:

the political--the real cooperation of all countries in solving global problems is possible only under the conditions of military relaxation and a halt to the arms race;

the economic--allocation of the necessary resources for the creation of the new technical base of the world economy, providing the world with food products, overcoming the ecological crisis and eliminating poverty and backwardness is possible only given a halt to the insane waste of material and intellectual resources on the creation of weapons of mass destruction;

the scientific-technical--a change of the main direction of scientific-technical progress from the military to a peaceful, creative path is an essential prerequisite not only of the surmounting of the crisis situations which have evolved for mankind at the present time but also a guarantee against the emergence of such situations in the future.

#### Middle Managers' Ties to Working Class

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 74-78

[Report of V. Peschanskiy: "K. Marx on Management Work and the Class Position of Middle Managers"]

[Text] K. Marx showed both the necessity for specialized management work and supervision conditioned by "the nature of any combined social labor"<sup>1</sup> and its dual nature under capitalism "corresponding to the duality of the production process itself which is subordinate to it and which is on the one hand the social process of labor for the manufacture of a product and, on the other, a process of the growth of capital."<sup>2</sup> As production and cooperation grow, capital "transfers the functions of the direct and permanent supervision of individual workers and groups of workers to a particular category of wage workers."<sup>3</sup> K. Marx emphasized the separation of management work as a particular

function from the ownership of capital in joint-stock companies and the emergence of a "populous class of industrial and commercial managers."<sup>4</sup> The manager under capitalism performs a dual role: organizer of the social process of labor and the capitalist exploitation of this labor. At the same time, however, K. Marx did not directly put managers in any class of bourgeois society. The considerable differences among Soviet scholars apropos the class membership of managers are probably connected with this fact. I should make the reservation right away that in respect of the top managers, the upper stratum of management, opinions more or less concur. This group is usually put among the bourgeoisie and, partially, the monopoly oligarchy. Differences arise in the approach to the bulk of managers, whom it is customary to call "middle".<sup>5</sup>

Three viewpoints can be distinguished in our scientific literature. Some scholars, mainly economists, equate them with the middle bourgeoisie.<sup>6</sup> Reference is made here to the fact that the "material position" and "general income" of middle managers correspond to those of the middle bourgeoisie.<sup>7</sup>

According to another view, middle managers are a particular detachment of the intelligentsia and their work a variety of brain work,<sup>8</sup> consequently, like the bulk of the intelligentsia, they are among the middle, intermediate strata.

Finally, a number of works regard the bulk of the administrative-managerial machinery as an independent part of the middle strata of contemporary capitalist society.<sup>9</sup>

This is the view which appears to correspond most to reality. It is based on K. Marx's proposition concerning the contradictoriness of the role and functions of managers, which prevents the bulk of them being attributed to any of the basic classes of bourgeois society. It is this contradictoriness which determines the intermediate position of middle managers. They are "between," as it were, the bourgeoisie and the proletariat.

At the same time, however, there is hardly any sense in regarding middle managers simply as part of the intelligentsia. On the one hand only a minority of them (in any event, outside the United States) may be considered engaged in highly skilled brain work--the majority does not have higher education. On the other, a qualitative distinction is very important. In the activity of the intelligentsia, including the technical intelligentsia (with which managers are often associated), the main thing is the use of specialized knowledge. In the activity of managers, including those with high qualifications, the main thing is authority and the leadership of people.

The approach to middle managers as an independent part of the middle strata affords broad opportunities for investigation, the need for which is being perceived increasingly. First, because this is a numerically significant group, and, consequently, a more adequate idea of the contemporary structure of capitalist society and, particularly, the middle strata is formed. Second, an opportunity arises for studying the present-day singularities of this important stratum, which numbers hundreds of thousands and millions of people in the capitalist countries. Third and finally, and this is particularly important politically, evaluating its potential as a possible ally of the working class

(inasmuch as the place in the class structure is the first thing determining the role in the class struggle).

But this problem has as yet been insufficiently studied by Marxist scholars.

There is as yet no special monograph devoted to middle-echelon managers (as distinct from top management and the intelligentsia), and a number of general works on the class structure of capitalist society and even those devoted specially to the middle strata loses sight of managerial personnel or mentions it only in passing.

Yet major changes are taking place in the composition, position, mentality and behavior of middle managers. The rapid growth of this category is striking. In the United States in 1870 they constituted approximately 0.9 percent of the gainfully employed population, about 3 percent in 1954 and approximately 7.3 percent of all employed and unemployed persons in 1981 (little less than 8 million people). A further increase in this indicator is anticipated for the period 1978-1990. For Britain the corresponding figures are thus: 0.8 percent in 1850, 2.6-2.7 percent in 1951 and 6 percent in 1981. It is forecast that middle management personnel will constitute almost 8 percent in 1990.<sup>10</sup>

The position of middle management personnel is changing simultaneously with the increase in its numbers. Employment is becoming unstable--mass unemployment has affected managers also (a special program even was developed in Britain recently instructing managers who have lost their positions in job-search methods). The difference in the wages (and certain fringe benefits) between managers and managed has diminished.<sup>11</sup> In addition, the middle echelons are losing authority and increasingly becoming a transmission level in relations between the management of the firm and the rank and file workers. This is particularly important for many managers since it concerns the very essence of their function.

The current economic crisis, when a number of American companies has made a direct reduction in managers' salaries, while many firms are undertaking a structural reorganization to cut back on the numbers of executive personnel, has hit middle management particularly severely. The governments of the United States, Britain and a number of other countries are reducing the number of employees, middle-echelon employees included. Tougher demands are being made of the work of administrative-managerial personnel. The introduction of the latest means of "information technology" based on microprocessors is also exerting an influence in this same direction.

All these and certain other factors are leading to changes in the consciousness of middle managers. The following figures are characteristic: according to the data of one American research organization, in 1960 some 84 percent believed that they were treated "fairly," while in 1977 only 45 percent were of such an opinion. Their attitude toward the company is changing accordingly. The former firm "pro-owner" beliefs (a joint-stock company was frequently the "owner") of the overwhelming majority have begun to change. This is more often a "shop," "corporative" orientation toward one's own stratum and its

specific interests which is more neutral with respect to capital. The former "career" individualism has begun to give way to a kind of "corporative collectivism". A "worker" orientation develops sometimes, however.

Articles on the "managers' revolt" have been appearing in the press, American particularly, since the 1960's. Managers' attraction to trade unions has come to be manifested both in West European countries and in the United States. In a number of instances they join unions with a preponderance of workers and ordinary employees, and individual organizations thereof join worker trade union centers. The newspaper THE WALL STREET JOURNAL observed: "Even concern in connection with possible dismissal, which has increased in the middle ranks, has not weakened their interest in trade unions and, on the contrary, is possibly kindling it even."

The facts concerning the position, consciousness and social behavior of middle management personnel of the capitalist countries corroborate and illustrate the idea of this group as part of the middle strata. At the same time the possibility of the establishment of an alliance of workers with middle management personnel is becoming more obvious. However, in practice the enlistment of this stratum on the side of the workers' movement is connected with great difficulties. The social ties of middle management to the forces of the old order are very strong. The opposition between managers and managed cannot disappear under capitalism (although may abate considerably and is abating). The workers' movement of the capitalist countries is objectively confronted by the difficult task of finding the optimum forms, organizational included, of enlisting middle administrative-managerial personnel in the struggle against monopoly capital.

#### FOOTNOTES

1. K. Marx and F. Engels, "Works," vol 25, pt I, p 424.
2. Ibid., vol 23, p 343.
3. Ibid.
4. see ibid., vol 25, pt I, pp 426, 428.
5. This is roughly 80 percent of all managers. Top-flight executive personnel is not included among managers. The term "junior managers" is employed rarely.
6. see S.M. Men'shikov, "Millionaires and Managers," Moscow, 1965, p 119; A.A. Porokhovskiy, "Modern Managers: Socioeconomic Role" (VOPROSY EKONOMIKI No 3, 1981, p 130).
7. VOPROSY EKONOMIKI No 3, 1981, p 130.
8. For more detail see V.S. Semenov, "Capitalism and Classes," Moscow, 1969; V.B. Kuvaldin, "The Intelligentsia in Modern Italy," Moscow, 1973; S.N. Nadel', "Modern Capitalism and the Middle Strata," Moscow, 1978; and others.

9. "The Urban Middle Strata of Contemporary Capitalist Society," Moscow, 1963; A.N. Men'shikov, "Contemporary Class Structure of the United States," Moscow, 1974.
10. Four-fifths of all managers and administrators are in all cases classed as "middle" managers.
11. According to the data of an American survey, even before the present crisis small businessmen had a considerably higher income than managers.

#### Communist-Socialist Cooperation

Moscow MIKOVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 81-82

[Ye. Yaropolov report: "K. Marx and Certain Problems of the International Workers Movement"]

[Excerpt] The development of the workers and democratic movement in the capitalist countries is posing increasingly seriously the question of the need for the unity of the forces of the left in the antimonopoly struggle. Exceptionally important in this respect is the achievement of the political unity of the working class. The organization of cooperation between the communists and social democrats, particularly on the basis of the struggle for lasting peace and international security, is contributing to this to a large extent currently.

When in the socialist and social democratic parties the question gets round to joint actions with the communists, the main objections of the leaders of these parties to unity amount to the following. First, it is claimed that the call for united actions is merely a tactical maneuver of the communists. Second, that the communist parties consider the social democrats their principal adversary, and, consequently, unity is aimed against the socialist and social democratic parties. Third, there is nothing in common between socialists and communists, and for this reason unity is impossible. Fourth, the unity of the working class has already been accomplished by social democracy (where big social democratic parties exist, as in the FRG, for example). And, finally, social democracy would in the course of united actions be crushed or swallowed up by the communists (where the difference in the strength of the communist and social democratic parties is great, as in Italy, for example).

The groundlessness of such assertions is proven by both official decisions and documents of the communist parties and political practice itself. The union of forces of the left is not for the communists an interim task of the current moment and not a tactical maneuver but a principal direction of the mobilization of the masses in the struggle for peace and social transformations. The communist movement has long so regarded social democracy as a potential ally in the antimonopoly struggle.

There is much that communists and socialist have in common: from the social base through certain directions in policy. It is on the basis of these common

features that it is possible to extend, strengthen and perfect cooperation. A unified workers' movement cannot exist without the communists inasmuch as the authority and influence of the communist parties are, as a rule, more significant than might be supposed by proceeding merely from their numerical strength. And, finally, the communist parties by no means set themselves the goal of "crushing" or "annihilating" social democracy as a movement. Moreover, the program documents of a number of communist parties (the Italian, for example) make direct mention of their interest in the preservation of a second party of the working class (the Socialist Party), cooperation with which makes the antimonopoly struggle more effective. And life itself shows that alliance with the communists enhances the authority of the socialists (in France, for example).

For the successful development and consolidation of relations with the socialists the communists are making active, purposeful efforts providing for a combination of tactical flexibility with ideological scrupulousness and initiative in the quest for different forms of unity of action with implacable struggle against social democratic, anticomunist and anti-Soviet concepts.

Besides the main enemy--the monopoly bourgeoisie, which regards the unity of the working class as a mortal danger--the revolutionary vanguard also has to struggle against such a strong enemy of unity concealed in the workers movement itself as rightwing social democracy. For this reason any success, even the most negligible, on the way to the unity of the working class does not come easily. And every achievement, moreover--great or small--must be held onto, consolidated and developed for the opponents of unity are sparing no efforts to reduce it to nothing.

The progressive forces of the working class are waging a persevering struggle against right-opportunist, reformist ideology in the workers movement. They recall how with devastating sarcasm K. Marx scoured the pseudoscientists who touched up capitalism as socialism or under the flag of socialism preached quite wretched bourgeois reforms. It is particularly important to emphasize this in our time, when bourgeois and reformist ideologists are persistently preaching the idea of the "fusion" of socialism and capitalism and the theory of the "convergence" of the two opposite socioeconomic systems. K. Marx emphasized that no reforms can of themselves change the nature of the capitalist system. Elements of the future developing within the heat of capitalism cannot of themselves, without the revolutionization of production relations, become the future society. The antagonistic nature of bourgeois society, K. Marx said, can never be exploded by way of silent metamorphoses.

Whatever theoretical or practical questions of the present-day workers movement we analyze, the great ideas of K. Marx will always serve as the guiding star in their solution. And this is further confirmation of the contribution which K. Marx made to the science of revolution.

Asia: Noncapitalist, Nonsocialist

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8,  
Aug 83 (signed to press 14 Jul 83) pp 87-88

[Report of G. Mirskiy: "K. Marx and Certain Problems of Oriental Countries' Formational Development"]

[Excerpts] While studying the capitalism of Western countries K. Marx, as far as possible, always followed what was happening in Asia, more aware than anyone that man's future far from depended only on events in Europe. K. Marx understood that the distinctiveness of oriental society did not permit the automatic extension to it of the regular patterns of development which he had discovered with reference to Western society. It is not fortuitous that scholars still, over 100 years later, are discussing the "Asian production mode"--the deliberations on this subject were initiated by Marx, who expressed exceptionally profound ideas apropos the specific features of Asia's social-economic development.

All this means that in the majority of present-day Asian and African states the conditions necessary for the coming into being of private-economy capitalism as the predominant element of the formation are lacking and that the phase of capitalist development which played such a big part in the West proves to have been "circumvented" by oriental countries even of a probourgeois orientation. This was foreseen by K. Marx when he wrote about capitalist production: "...The 'historical inevitability' of this process is precisely confined to West European countries."\* Since then North America, Japan, Australia and New Zealand have been added to West Europe, but this is the end of the list. Certain Latin American countries are also on this path, albeit marked by great distinctiveness. For the main Afro-Asian land mass only the potential (and highly dubious, furthermore) possibility of the reproduction of the "classical" capitalist path exists.

However, does the impossibility of the establishment of private-economy capitalism in the oriental countries mean that the way to socialism thus opens to them automatically? The facts cast doubt on such a hypothesis. Everything that was even only remotely reminiscent of capitalism (and modern civilization in general at the same time) was radically exterminated in Kampuchea at the time of the Pol Pot regime. But it was not socialism but a monstrous, deformed caricature thereof which arose on the scorched earth of the long-suffering country. In Uganda under I. Amin the bourgeoisie was literally devastated and virtually liquidated, but the degraded country, exhausted by despotism, did not, of course, move one iota closer to socialist ideals.

It may be objected that these examples are atypical. Let us take some other countries. The present-day Iranian society, which finds itself in the power of clerical forces, is only barely reminiscent of a capitalist society, but is it legitimate to claim that it is developing in the direction of socialism?

\*K. Marx and F. Engels, "Works," vol 19, p 250.

We have applied the term "noncapitalist path of development" in respect of a number of Arab countries. However, a number of communist parties has now abandoned this definition on the grounds that, despite all the indubitability of progressive transformations which have been carried out there by the ruling forces recently, the increase in capitalist tendencies is an indisputable fact. Of course, it is not a question of large-scale capitalist companies--the state sector is, as before, dominant in the basic sectors of industry. The reference is to the bureaucratic, parasitical, middleman bourgeoisie and businessmen bossing the show in commerce and the services sphere and also the private businessman in the countryside and the rich peasant. A particular type of capitalism--bureaucratic, broker and kulak capitalism--is strengthening under the protection of the state. If this is state capitalism, it is highly specific and only faintly reminiscent of both Western capitalism and that of the period of proletarian dictatorship.

It is not that easy to "bypass" capitalism and "jump" across it, even if history has not allocated time for its coming into being and the establishment of the private-economy stage of capitalist development. Specific versions of capitalism which are without historical precedent and "unorthodox" from the European viewpoint arise. Militarist bourgeois-bureaucratic structures (Indonesia, Thailand), parasitical neocomprador systems (Egypt) and versions of "petroleum capitalism" (the countries of the Arabian Gulf) appear. They are all connected in one way or another with Western capital. And in countries where national or revolutionary democrats take power, the noncapitalist path leading to socialist frontiers no longer appears that straight and smooth today, despite a declaration of socialism and an abundance of anticapitalist decrees. Major enterprises, oil wells, companies and banks belonging to foreign and local capital may be nationalized comparatively painlessly, but it is far more difficult to overcome the resistance of private-ownership spontaneity represented by small and middle businessmen in the city and countryside, tradesmen, businessmen in the services sphere, speculators, usurers and the bourgeoisified bureaucracy.

And at the same time the march of socialism is breaking down the resistance of bourgeois element, even if the private sector as such is not being "repealed" and not being liquidated but being used by the revolutionary state (as was the case in the Soviet Russia of the NEP period). Despite the difficulties, a process of socialist building is underway in Vietnam and Laos, Ethiopia and South Yemen and Mozambique and Angola. Nor would these countries very likely have had sufficient of their own forces and resources for this, but the world socialist system came to the assistance, and for this reason there is no contradiction with Marx's propositions here.

Life has created a natural choice, and it is the countries in which Marxism has been chosen as the leading teaching which are moving toward socialism. And not so-called national socialism, furthermore, whose adepts attempt to artificially combine elements of the development of both world systems, but Marxism-Leninism in its integral form with regard for local singularities and traditions. This is the path which ensures the building of a new society really free of exploitation.

### Balance of Payment Problems

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 83  
(signed to press 14 Jul 83) pp 88-90

[Report of M. Portnoy: "Problems of Payment Relations of the Capitalist Countries in the Light of K. Marx's Teaching"]

[Text] The exacerbation of the contradictions in the sphere of international payment relations among the three centers of modern imperialism--the United States, the Western European countries and Japan--individual capitalist countries, industrially developed capitalist countries and the developing states has become a characteristic phenomenon of recent years which is reflected in abrupt spasmodic changes in the state of these countries' balance of payments. K. Marx addressed the problem of the balance of payments repeatedly in "Das Kapital". He showed that in a period of the operation of the gold standard fluctuations in the balance of payments are connected with the movement of the industrial cycle and serve as a transmission element of the world capitalist crisis of overproduction. "The balance of payments in a period of general crisis is unfavorable for every nation, at least for each commercially developed nation, but it is always revealed, as in firing in turn, first in one nation and then, after this, in another, as the payment turn comes, and the crisis, as soon as it has erupted in any country, in England, for example, compresses these periods into a very short period of time."\* In such periods it transpires, K. Marx observed, that "all these countries have simultaneously both exported too much (consequently, overproduced) and imported too much (consequently, overtraded) and that prices have swollen inordinately in all of them, while credit has been overstrained, and there is an identical failure everywhere."\*\*

The picture of the crisis upheavals which embraced the economy and foreign economic sphere of capitalism at the start of the 1980's serves to confirm the points expressed by K. Marx, which have become the basis of the contemporary analysis of balances of payments and their role in the economy. The current crisis of the balance of payments of the majority of capitalist and developing countries was caused by the interweaving of the action of factors of a situational and structural nature. Having experienced the severest upheavals of the economy in the 1970's, the capitalist countries were confronted by an acute need to reorganize its structure and replace the current production apparatus with a new one oriented toward the economical use of energy and raw material and a different consumption structure. This is inevitably leading not only to a painful reorganization of the domestic economy but also to a breakup of evolved world economic relations. These processes are expressed in international settlements, primarily in the current transactions of the balance of payments. The change in their structure reflects to a certain extent the difficulties of adapting to the new economic conditions.

\*K. Marx and F. Engels, "Works," vol 25, pt II, p 35.

\*\*Ibid., p 36.

In the short-term aspect the struggle for a reduction in imports of energy carriers and raw material, the search for new sources thereof, the changes in the ratio of prices of raw material commodities and finished products, the spurring of technology exports, the extensive use of the results of scientific-technical progress, the change in the specialization of individual countries and the active use of currency-finance instruments--these are just some of the most obvious directions with which the capitalist countries are attempting to improve the state of their balance of payments. They will very likely retain their significance in foreign economic policy for the 1980's also.

In the long-term aspect the problems of balances of payments are connected, *inter alia*, with the uneven nature of economic development. The formation of economic structures of the main capitalist countries which are close in terms of their characteristics and a huge discrepancy in development levels between them and the bulk of the developing countries is the consequence thereof. This has led to the Western states having to a certain extent formed an exclusive market, which, in addition, has been reduced appreciably in respect of a number of commodities under the effect of the crisis processes of the 1970's-start of the 1980's. As a result competition has become tougher, differences in production efficiency have been manifested more sharply and the painful structural reorganization of the economy is extending the scale and exacerbating the confrontation in the commercial-economic sphere.

In the acute competitive struggle of the three centers of imperialism in the payment relations sphere extensive use is made of the methods of "trade" and "currency" wars, manifest and concealed protectionism and open coercion with respect to one's partners. Such methods of foreign trade policy are practiced on a particularly large scale by the United States. A typical consequence of the struggle between the United States and its competitors was the formation on the eve and at the outset of the 1980's of big balance of payments deficits in Japan and the FRG--countries which have traditionally had a surplus balance of payments in current transactions.

The international migration of capital is also a subject of interimperialist rivalry. While given the general growth of the scale of transactions, the fluctuations in the amount thereof have increased sharply and changes of direction have become more frequent. This is explained both by the hardening of rivalry in the sphere of the export of capital and the increased instability of the capitalist economy and the upheavals on the international capital markets themselves. The interest rates war unleashed in recent years by the United States has had a tremendous impact on the directions and scale of international flows of monetary capital and made it possible to use foreign capital extensively for financing the U.S. economy. In general, much of what is happening today in the capitalist balances of payments shows that the old methods of regulating foreign economic relations observed by K. Marx even are being applied at a new level and on a broad scale. They include: "a rise in interest rates, demand for credit, a fall in the securities' exchange rate, the selling off of foreign securities, the attraction of foreign capital for investment in these depreciated securities and, finally, bankruptcy canceling a mass of claims."\*

\*K. Marx and F. Engels, "Works," vol 25, pt II, pp 62-63.

The turbulent changes in the state of the capitalist countries' balance of payments in the 1970's-start of the 1980's testify to the ongoing changes concerning their place and role in the world capitalist economy and the exacerbation of the struggle for leadership and to emerge from the period of structural reorganization with the least costs, having shifted its negative consequences onto one's partners to the maximum extent.

The payments' position of the developing countries represents a special problem. The overwhelming majority of them are not oil exporters, and the balances of payments are in a state of chronic deficit both as a consequence of the evolved system of unequal international economic relations in the capitalist world and as a consequence of the increased cost of oil. For the developing countries the problem of financing the balance of payment deficit is becoming increasingly acute from year to year. It is being solved mainly thanks to an increase in their international indebtedness, which is undermining their payment positions even more and impeding economic development. The payment of debts and interest occupies a disproportionately large place in their external accounts and is in many instances becoming back-breaking. It is sufficient to cite the examples of financial crisis in Mexico, Brazil and Argentina. A number of oil-exporting countries, which are combining a surplus balance of payments with the extensive use of international credit, are also large debtors. Obtaining new loans to pay off current debts and interest, which is accelerating the growth of the developing countries' indebtedness and increasing their dependence on the imperialist powers, has become a frequent phenomenon.

A specific analysis of the above-noted basic regularities characteristic of the development of the payment relations of the capitalist and developing states is an important scientific task. An investigation based on Marxist-Leninist methodology of the scale and consequences of the changes which are occurring in interstate settlements in the capitalist world under current conditions is becoming increasingly urgent. A number of problems of a methodological nature arises here also. First of all, payment relations between capitalist countries indirectly influence a relocation of value between them, which occurs in various forms: commodity, services and capital as a self-increasing value. A number of items--transfers, subsidies, reserve transactions--signifies the transfer from country to country of money as the universal embodiment of wealth.

Many of the above-listed transactions reflecting the international relocation of value in various forms were noted by K. Marx. In our time there has not only been an appreciable increase in the scale and significance of these transactions but a change in their monetary basis also. As long as gold functioned in international settlements, it performed the function of balancing balances of payments, that is, of final settlements. With the end of the use of gold in international settlements the latter are effected entirely on a credit basis. In this situation the very formulation of the problem of final settlements requires specification of its content, and studies inevitably compel reflection on the question of the means of settlements between countries and modern forms of money.

Examining the problems of the capitalist countries' payment relations and balances of payments, in which these relations are expressed, we come to the conclusion that monetary means serving as an instrument of international settlements act as representatives of value--national or international--in the entire diversity of commodities, services and capital. The scale, limits and contradictions of various forms of money's performance of their functions in international settlements represent a serious field of study.

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## HISTORY, OPERATIONS OF CEMA INTERNATIONAL BANK DESCRIBED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 91-96

[Article by A. Zverev, V. Lyakin: "Twenty Years of the International Bank of Economic Cooperation"]

[Text] On 22 October 1983 it will be 20 years since the socialist community states signed the Agreement on Multilateral Settlements in Transfer Rubles and the Organization of the International Bank of Economic Cooperation (IBEC). The IBEC has become a most important international banking organization serving the economic and scientific-technical relations of the CEMA countries. The bank is an international center of settlements and credit in transfer rubles and also the partner of many banking and financial organizations of socialist, developing and capitalist countries, effecting transactions in freely convertible currencies.

### Prerequisites of Creation

As the CEMA countries' cooperation expands, there is an improvement in the mechanism of their international settlements and credit and a transition from bilateral to multilateral relations. This is an objective regularity brought about by the process of the development of the international socialist division of labor.

Originally the CEMA countries' transfer-credit relations developed predominantly in the sphere of international credit. The economy of these countries, which had been devastated by the war, needed considerable resources for recovery. Inasmuch as the capitalist states were pursuing a discriminatory policy, the main role of creditor of the socialist countries was assumed by the Soviet Union. The rapid postwar growth of the USSR's economy made it possible to grant large-scale long-term credit and loans to pay for supplies of industrial equipment and the planning and installation of various enterprises in the CEMA countries.

In the postwar years the Soviet Union granted the socialist countries credit to pay for supplies of raw material and industrial commodities (including gold or freely convertible currency). Thus credit was obtained by Bulgaria,

Hungary, the GDR, Mongolia, Poland, Romania, Czechoslovakia and other socialist countries. The terms of the extension of resources were highly favorable: the annual rate of interest did not exceed 2 percent.

As the national economy was restored, reciprocal trade between CEMA countries on a strictly bilateral basis with the balancing of commodity exchange and settlements developed. The clearing method, which is generally accepted in international practice, was employed for settlements in foreign trade transactions. It provided for the obligatory equivalence of supplies and payments between the two countries. If, however, at the end of the period one country had a surplus final result, it was cleared by commodity supplies the following year.

The bilateral clearing system in the first years of the development of international settlement relations was economically the most beneficial and expedient under the conditions of the insufficient development of the socialist countries' international market. Using this system, the countries gained certain advantages since they could ensure the equivalence of reciprocal commodity supplies and services rendered and effect continuous settlements without the use of capitalist currencies. In addition, inasmuch as in the 1940's and 1950's the main commodity supplier in the CEMA countries' international market was the Soviet Union bilateralism was the most efficient form of mutual relations and facilitated the development of commodity turnover.

The bilateral clearing system of settlements provided for the opening of interest-free clearing accounts, which functioned throughout the period that long-term trade agreements were in effect. In the event of payments being in excess of receipts, one country obtained short-term credit from its partner. Formally this credit was to have been cleared by the end of the planned period. Under the clearing system of settlements credit was granted within the framework of limits. However, in a number of instances limits were not established. Interest could be charged on the credit, but within the framework of a limit it was granted gratis.

An important element of the clearing system was the currency of the settlements. On the international market of the CEMA countries it was the clearing ruble. It represented a closed currency: its purchasing power was expressed via the prices established on the basis of the CEMA countries' bilateral trade agreements.

However, whereas initially bilateral clearing as a whole corresponded to the nature of the trade and payment relations, as the socialist community countries' economic and scientific-technical cooperation expanded, it began to make development more difficult. The bilateral balancing of payments limited the growth of commodity turnover inasmuch as countries with greater export potential were forced to orient themselves to the export potential of their partners in bilateral relations.

To surmount these difficulties the CEMA states began to use in the 1950's a system of settlements which came to be called trilateral clearing. The countries did not have to have strict equality between exports and imports

inasmuch as a surplus balance could be used for settlements with a third country. The trilateral agreements were more elastic than the bilateral ones, but they also with the passage of time ceased to correspond to the rapid growth of reciprocal commodity turnover.

The Multilateral Clearing Agreement was signed in 1957. In accordance with this, settlements pertaining to additional commodity turnover were effected on a multilateral basis. Thanks to this, the countries acquired an opportunity to purchase goods and services from any country subscribing to the agreement, regardless of where the exports were going.

The Multilateral Clearing Agreement provided for the possibility of transferring a final balance determined by mutual agreement from bilateral clearings to multilateral clearing accounts. Sums of monetary resources were transferred at the consent of the countries concerned. The Clearing House--the central authority for settlements in clearing rubles pertaining to a multilateral clearing of accounts--was set up under the auspices of the USSR Gosbank in 1957. However, the multilateral clearing system was not extensively developed inasmuch as it extended only to commodity turnover which had not been balanced on a bilateral basis.

Despite the existence of multilateral clearing, bilateral clearing remained the predominant system of settlements. In this connection the question of the creation of a new system of settlements and the granting of credit arose. The Conference of Representatives of Communist and Workers Parties and Heads of Government of the CEMA Countries was held in June 1962. It adopted a decision on the need for the development of organizational and financial conditions for the transition to a more accomplished system of settlements. The Agreement on Multilateral Settlements in Transfer Rubles and the Organization of the IBEC, whose founders were Bulgaria, Hungary, the GDR, Mongolia, Poland, Romania, the USSR and Czechoslovakia, was signed in October 1963. The Republic of Cuba became a member of the IBEC in 1974 and the Socialist Republic of Vietnam in 1977.

#### Principles of Activity

The bank's statutory capital was originally set at a sum of 300 million transfer rubles. After the admission of Cuba and Vietnam, it was increased to 5.3 million and presently amounts to 305.3 million. The repaid part of the statutory capital is 190.3 million. The members' contributions to the bank's statutory capital are made equally in transfer rubles and freely convertible currencies. The members' shares of the statutory capital were determined in proportion to the value of their exports in the total reciprocal trade volume.

[Table 1 on next page]

Table 1. IBEC Members' Share of the Statutory Capital

	<u>Proportional contribution (transfer of rubles, millions)</u>	<u>% of total</u>
Hungary	21	6.9
GDR	55	18
Mongolia	3	1
Bulgaria	17	5.5
Poland	27	8.8
Cuba	4.4	1.4
Vietnam	0.9	0.3
Romania	16	5.2
USSR	116	38.1
Czechoslovakia	45	14.8
Total	305.3	100

Source: Yu.A. Konstantinov, "The CEMA Countries' International Currency System," Moscow, 1982, p 97.

Irrespective of the countries' share of the statutory capital, they have only one vote when decisions connected with the bank's activity are adopted. All decisions only take effect if adopted unanimously. The collective, international character of the IBEC's activity is manifested particularly graphically upon a comparison of the principles of its operation with the corresponding financial and banking organizations of the capitalist world, with the IMF, for example, in which the members' number of votes depends on the size of the quota in the IMF's capital.

The IBEC's reserve capital is formed from deductions from the bank's annual profit. The deductions are made annually at a decision of the IBEC Council following an examination of the results of activity in the past year. As of 31 December 1982 the banks' reserve capital constituted 164 million transfer rubles. The sum total of the repaid part of the statutory and the reserve capital constitutes the bank's own resources. In addition to its own resources the IBEC has attracted resources representing the temporarily spare resources of the bank's members. These resources are kept in the IBEC in current accounts and on deposit.

Table 2. The IBEC's Own Resources (end of year)

	<u>Total of its own resources (transfer rubles, millions)</u>	<u>Increase over 1975 (%)</u>
1976	194.4	110.8
1977	214.7	122.4
1978	237	135.1
1979	255	145.4
1980	267.2	152.3
1981	273.7	156.1
1982	285.8	162.8

Upon its creation the IBEC was set the task of providing for continuous settlements between CMEA countries in transfer rubles with respect to reciprocal commodity turnover and transactions of a noncommercial nature. All multilateral settlements among the participants are effected in terms of their current accounts opened in the IBEC; payments are made within the limits of the financial resources in the countries' current accounts, into which all the receipts from other countries are paid; the members' authorized banks dispose of the financial resources kept in the current accounts. The resources belonging to the countries are kept in their current accounts, while indebtedness with respect to credit which has been obtained is accounted for in loan (credit) accounts. The IBEC members may also keep financial resources in transfer rubles on deposit also.

The IBEC pays interest on attracted resources in transfer rubles which is differentiated depending on the conditions of their custody and the length of time. Thus, for example, annual 1.5-percent interest is established for financial resources kept in current accounts. The following rates are in effect for deposit accounts: an annual 2.5 percent for up to 3 months, 3.5 percent for up to 6 months, 3.75 percent for up to 9 months and 4 percent for up to 12 months and longer.

#### Credit-Granting Mechanism

An important component of the system of multilateral settlements in transfer rubles is the credit-granting mechanism. This mechanism has undergone certain changes in the years of the IBEC's activity. Prior to July 1970 the bank granted several types of credit: transfer credit, which was intended to ensure timely commodity turnover settlements at the time of a short-term shortage of resources; seasonal credit for covering the excess of payments over proceeds in connection with seasonal production conditions and output sales; extraplan credit for covering a temporary above-plan excess of payments over the receipt of financing resources owing to delays in commodity supplies within the specified times; and for the expansion of commodity turnover and equalization of the balance of payments.

However, as practice showed, this system operated insufficiently efficiently inasmuch as the credit was frequently used not as intended. Thus countries could channel some of this credit into paying off other credit obtained earlier, which upset the term, nature and repayability of the granting of credit.

In this connection the bank mechanism underwent changes. As of 1 July 1970 the time limits were increased, but the number of types of credit was reduced to two--transfer and term. The time limits of the granting of credit and the interest rates were changed also. On the basis of the recommendations of the 14th CMEA Session and a decree of the IBEC Council 28th Session (July 1970) the granting of interest-free credit was ended as of 1 January 1971 (for Bulgaria and Mongolia as of 1 January 1972) with the preservation of a favorable interest rate for Mongolia. Current account interest was ended as of 1 July 1970. At the same time, however, interest on bank credit increased to an annual 5 percent and on deposits to 4 percent.

However, subsequently, to increase the efficiency of the bank's transfer credit mechanism its council decreed the reintroduction as of 1 January 1977 of interest on current accounts of the members' authorized banks (with preservation of an annual 2-percent rate for an IBEC account). The interest on certain term deposits was raised by 0.25-0.5 percent.

Transfer credit now constitutes the main share of the total sum of credit in transfer rubles granted by the IBEC. It is intended to cover short-term needs for resources which arise in connection with a noncoincidence of proceeds and payments. Such a need may periodically arise in any bank. This type of credit is of a renewable nature, that is, may be granted immediately within the confines of a limit set for each bank. It is paid off via the residue of resources in the current account of the authorized debtor-bank when receipts exceed payments. Upon restoration of the limit, a country may again avail itself of transfer credit. A term in which it has to be paid off is not fixed, and the debt may be carried over to the following year.

A transfer credit limit is established for each IBEC member of the order of 2 percent of the sum total of commodity turnover settlements with all other members in the preceding year. Interest is charged on transfer credit thus: an annual 3 percent for a sum in excess of 50 percent of the limit and 2 percent for a sum not in excess of 50 percent of the limit. In 1982 the average rate of turnover of this credit was 24 days.

The second type of credit is term credit. It is behind transfer credit in terms of the amounts used, but has a greater "integration" effect. Term credit is granted to cover the bank members' resource requirements for more considerable lengths of time for production specialization and cooperation, the expansion of commodity turnover, equalization of the balance of payments, seasonal needs and so forth.

Term credit may be granted for a period of up to 1 year, and in certain cases--at the decision of the IBEC Council--up to 2 and even 3 years. New term credit cannot be used here to pay off term credit obtained earlier. Interest on term credit is levied depending on the length of time for which it is granted: an annual 1.25 percent for up to 6 months, 3.5 percent for up to 12 months, 6 percent for up to 2 years and 5 percent for up to 3 years.

A favorable term credit interest rate is determined for countries with a seasonal nature of exports. Thus for Mongolia and Romania it is at the level of an annual 0.5-1 percent and for GDR 0.5-2 percent. Term credit for seasonal needs may be granted those three countries at the same time as the authorized banks' full use of transfer credit.

The relative significance of IBEC credit in the sum total of payments of the banks of the CEMA countries constitutes approximately 16 percent. In certain states with a high proportion of commodities of seasonal production in their exports the relative significance of credit amounts to 50 percent. The bank's own resources and also the attracted resources of individual depositors serve as the source of the IBEC's credit resources in transfer rubles. Particular significance in this connection is attached to the quantity of credit planning.

the mechanism of planning the credit and resources of the IBEC has undergone a number of changes in the years that it has been functioning. Prior to 1971 a system of quarterly planning was in operation which had certain shortcomings. Thus, in particular, the planning of credit for the first quarter of the year did not correspond to the countries' actual requirements inasmuch as negotiations among the competent IBEC member authorities for the year being planned had not usually been completed by the time of an authorized bank's compilation of a credit application. The IBEC's credit plan was fulfilled the most fully in the second and third quarters. A discrepancy between the members' credit applications and real credit needs was again revealed in the fourth quarters since a considerable intake of export proceeds was observed in this period.

A system of annual credit planning with a semi-annual breakdown operates currently. The authorized banks' credit applications serve as the basis of the compilation of the IBEC's annual credit plan. In addition, the IBEC may use its own data and calculations as source data for the compilation of the credit plan.

The amount of the emission of transfer rubles in the current plan period is essentially determined in the process of the elaboration, compilation and fulfillment of the IBEC credit plan. Practicability of the credit plan means the existence in circulation of a sum of transfer rubles which corresponds to the requirements of the economic cooperation of the CEMA members organized in planned manner and also adequate commodity support for the emission of the transfer rubles. Consequently, credit planning in the IBEC is a most important instrument providing for an emission of transfer rubles corresponding to the movement of goods and services on the CEMA countries' international market.

#### the Transfer Ruble

A fundamentally new international socialist collective currency--the transfer ruble--was introduced in the international settlements of the CEMA countries as of the start of the IBEC's activity. It represents credit money of the socialist type. Its purchasing power is expressed via the foreign trade prices which exist on the CEMA members' international market. The transfer ruble has a gold content equal to 0.987412 grams of pure gold and also an exchange rate in relation to other currencies.

In the mechanism of the CEMA countries' economic cooperation the transfer ruble performs the basic monetary functions of the international socialist currency--a measure of value, a means of payment and a means of accumulation. The transfer ruble performs the function of measure of value upon the determination of contract prices in the CEMA countries' reciprocal trade. This is effected in practice with the aid of its rate of exchange in terms of the currencies of the capitalist countries and also upon an evaluation of jointly installed facilities and in certain other spheres of mutual economic and scientific-technical cooperation. In addition, the transfer ruble is employed in the function of measure of value (with the help of a special coefficient) in recalculating the final balance of noncommercial payment settlements from the CEMA countries' national currencies into the collective currency.

The transfer ruble performs the function of means of payment at the time of payment for goods and services in reciprocal foreign trade turnover, payments to pay off interstate credit and IBEC and International Investment Bank (IVB) credit and also at the time of reimbursement of noncommercial expenditure. The transfer ruble also performs the function of means of accumulation--upon the formation of the credit resources of the IBEC and IVB, which are used to grant credit for various measures in these banks' member-countries. Financial resources are accumulated in transfer rubles in conformity with plan in the current accounts of the IBEC members and in the form of deposits kept in the bank and also in the form of special funds and the IBEC's and IVB's own resources. A principal area of the development of the CEMA countries' cooperation in the sphere of currency-finance relations is the increased role of the transfer ruble and also the expansion of the sphere of its application.

With its instruments and levers the IBEC successfully serves practically all forms of the CEMA countries' economic and scientific-technical cooperation. The system of multilateral settlements in transfer rubles corresponds to the conditions of the current stage of cooperation, ensuring the equivalence and continuance of the settlements and equal rights for all its participants.

Table 3. IBEC Transactions

Year	Total transactions			Transactions in transfer rubles			
	Total		Including				
	In transfer rubles	In convertible currency	Initial sets tions	Sum total	Amount of credit granted by investments	Transfer bank	Transfer rubles, millions
1976	87.8	31.6	17.9	22.9	1,410.8	125.7	
1977	71.4	26.7	21.2	15.4	1,975.1	166.3	
1978	150	58.9	63.1	66.9	4,097.0	954.7	
1979	70	110.1	24.7	22.9	9,192.9	2,117.1	
1980	76.9	26.8	66.5	140.7	11,733.8	3,919.7	
1981	158.5	22.3	99.1	61.8	17,317.7	3,773	

<sup>1</sup> At end of year.

To assist the development of the CEMA countries' economic relations with other states, the IBEC also assists transactions in convertible currency and gold, which are accepted by international banking practice, attracting capital on the international money markets and depositing it in banks of the CEMA countries. In the same five years of IBEC transactions in convertible currency constituted in 1981 a sum equivalent to 714 million transfer rubles compared with 5.5 billion in 1980. The bank's net profit from transactions in 1980 amounted to 1.7 billion transfer rubles compared with 100.1 billion in 1981. Although since the start of the IBEC's activity its net profit is 16 times of 1976 (11.6).

Deposit and credit transactions have been developed the most in the bank's activity. The bank effects transactions in convertible currency on the terms in effect on the International currency markets both in respect of the level of interest rates and the specified periods of the investment of credit and deposits. The bank's transactions in convertible currency have developed considerably as a result of constantly expanding business contacts with the most well-known banks of the capitalist states and banks of the developing countries.

By its irreproachable activity the IBEC has achieved deserved authority and trust in international circles. It maintains correspondence relations and effects transactions with more than 300 of the world's biggest credit institutions.

The bank's successful operation over 20 years is largely explained by the fact that the founding countries have taken the necessary measures to perfect the credit-settlement mechanism and organizational structure and bring them into line with the new tasks of cooperation in good time.

Recommendations for the further improvement and expansion of the bank's activity, which were reflected in the Comprehensive Program of Socialist Economic Integration, were drawn up on the basis of accumulated experience. Decisions were twice adopted on increasing the repaid part of the IBEC's statutory capital. In 1966 and 1971 the member-countries additionally contributed 30 million transfer rubles in convertible currency. As a result the repaid part of the IBEC's statutory capital amounted to R120 million, of which convertible currency constitutes one-half. This contributed to the growth of the bank's foreign currency transactions.

Considering the constant increase in the bank's transactions in transfer rubles and also the protracted crisis of the capitalist banking system and the increased risk with respect to transactions in convertible currency connected with this, the IBEC Council resolved in 1983 to increase the repaid part of the statutory capital by a further 68.7 million transfer rubles or 56.7 percent. The member-countries made their contributions during April 1983.

A distinguishing feature of the current decade is the increasingly significant change toward the intensification and increased efficiency of the mutual economic cooperation of the CEMA countries. As the CPSU Central Committee report to the 26th party congress observed, "the CPSU and the other fraternal parties will adopt a policy of making the next two 5-year plans a period of the intensive production and orientalist-technical cooperation of the socialist countries."

Under these conditions the main assistance with the aid of the credit-settlement mechanism of the more intensive development of the process of socialist economic integration and the increased efficiency of mutual cooperation should be the main direction of the IBEC's activity. For this a number of problems connected with a further improvement in and refinement of the bank's activity has to be solved.

The results of the activity of the IBEC over 20 years enable us to say with confidence that this collective body of the CEMA countries will continue to reliably serve the cause of strengthening socialist economic integration and the successful accomplishment by the peoples of the socialist community of the economic and social tasks confronting them.

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## BOLIVAR'S RELEVANCE TO CONTEMPORARY REVOLUTIONARY PROCESS DESCRIBED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 102-111

[Article by A. Shul'govskiy: "The Struggle for Progressive Ideals and the Present Day"]

[Excerpts] "Bolivar still has much to do in America"--J. Marti.

History and contemporaneity. These two concepts have always been closely connected with one another, which is convincingly corroborated by the life-exploit of Simon Bolivar, the outstanding leader of the War for Independence of the peoples of Hispanic America against colonial oppression. Progressive mankind is commemorating extensively the 200th anniversary of his birth. The impressive proportions which the celebration of this date have assumed are explained primarily by the fact that the ideological legacy of the Liberator, as S. Bolivar is rightly called in Latin America, is inseparably connected with the present day.

The influential progressive Venezuelan journal SIC formulated this idea thus: "Bolivar belongs, as a symbol and legend, to the collective memory of the people. This is why in order to bring Bolivar closer to us it is far from sufficient to confine ourselves to descriptions of his life, nor, of course, can we content ourselves with the aid of high-flown words which mean little with paying tribute to his memory. It is primarily necessary to explain the meaning of his inimitable and original deeds on American soil and the reasons for the striking influence which he exerted on the people's masses, calling them to the struggle for cardinal changes."<sup>1</sup>

However, there also exists a different standpoint, whose supporters are attempting to use the 200th anniversary of S. Bolivar's birth to stir up historically baseless views concerning his alleged imperial and dictatorial ambitions and endeavor to become the Latin American Napoleon. But even in the last century the outstanding Ecuadorian writer J. Montalvo shrewdly observed, comparing and evaluating the historical role of the French emperor and Simon Bolivar: "One devoted his life to destroying states, the other to create them. One enslaved peoples, the other liberated them."<sup>2</sup>

Assertions are again being made with particular persistence that there were two stages, as it were, in Bolivar's life. At the first stage, in the period of the War for Independence, he was a liberator-hero, but when it was over, a person who had lost his former ideals and who aspired to dictatorial power and was a prey to imperial ambitions. This kind of tradition was initiated by the Venezuelan historian J. Portoul, who counterposed to Bolivar "the Immortal and the great: the Bolivar "of the 1828 reactionary decrees" and Bolivar the "living corpse" in 1830.<sup>3</sup> This viewpoint was quite recently expounded in its extreme form by the Colombian historian and current affairs writer J. Arsinegas, who reduced Bolivar's entire activity, beginning in the mid-1820's, to a chain of continuous mistakes and unpredictable actions and the advancement of fantastic and impracticable political projects.<sup>4</sup>

Such a viewpoint reflects the positions of the groupings of the ruling elite of Latin American states for which the revolutionary-democratic and reformist activity of Bolivar, which assumed particularly extensive proportions precisely in that period which its representatives portray in the darkest colors, is profoundly and organically unacceptable. On the other hand, Latin American communists and the progressive public see Bolivar's ideas as a most valuable intellectual legacy helping in our day also their struggle against imperialism and for social progress.

Now, as we commemorate the 200th anniversary of Bolivar's birth, it is fitting to emphasize the role which he assigned to the people's masses in the accomplishment of his plans. The more so in that there are still attempts to portray S. Bolivar as an aristocrat who was divorced from the people, who despised them and who, at best, manipulated them for the achievement of personal goals. This viewpoint is utterly refuted by historical data, according to which Bolivar, on the contrary, constantly appealed to the people and endeavored to enlist them in the most active struggle and draw closer to them, perceiving keenly the hopes and aspirations of the masses.

There is once again increased interest in the question of the political and social role of the liberation army created by Bolivar. This was a truly popular army, the basis of which was made up of the oppressed and destitute masses, and those who had their origins in the people achieved high command positions. Bolivar endeavored to inculcate in the army a spirit of liberation ideals, patriotic consciousness and solidarity with the struggle of other oppressed peoples for freedom. Addressing the soldiers of the joint forces of Latin American patriots who on 9 December 1824 won a decisive victory over Spanish troops at Ayacucho, Bolivar said: "Soldiers! You have given South America freedom, and one-fourth of the world has become a monument to your glory. Your weapons have helped win victory for a noble cause--that of human rights--in a fierce clash with the oppressors."<sup>20</sup>

Popular in its apparatus and composition, Bolivar's army became the spokesman for the protest of the broadest masses, which aspired to social justice and equality. In addition, it was Bolivar's army which at that time was practically the sole institution within whose framework the oppressed people could in more or less organized form express their hopes and aspirations and emphatically protest, as was the case repeatedly, the unchecked enrichment of a handful of privileged and the impoverishment of those who shed their blood on the battlefields.

The liberation army, the progressive Panamanian journal DIALOGO SOCIAL emphasized recently, performed the role of a kind of vanguard force which put into practice Bolívar's political project, which emanated from the idea of the most active participation of the people's masses in the reorganization of former colonial Spanish America.<sup>21</sup> "Bolívar, who was closely connected with the masses," a special resolution of the 13th Colombian Communist Party Congress (November 1980) says, "and who for 15 years shared together with the soldiers all the burdens of the campaigns of the army of the destitute, is close to us. Bolívar, who both materially and spiritually was close to the mulattoes and metis and slaves and Indians, is dear to us. We are with the Bolívar who went beyond the bounds of his class and fought so that the liberation of the homeland might bring man's liberation and the return of the land to those who had been deprived of it. Bolívar, who aspired to impart to the War for Independence, a social nature which took account of American realities, is dear to us."

Many of Bolívar's thoughts concerning the army and its place in society are astounding in their relevance, novelty and boldness of formulation of the problem. Bolívar saw the army as an armed people struggling for the right cause. "All the world's armies were armed by kings and the strong of this world. You, however, for the first time in the world are armed by laws, principles, duty and justice.... Soldiers! Let your guns carry not only bayonets but also the laws of freedom, and you will be invincible."<sup>22</sup> Bolívar spoke in such revolutionary language at the height of the War for Independence. When, however, after it was over the confrontation of the forces of the oligarchy on the question of the paths of the further development of the young Latin American states had become particularly acute, Bolívar, calling for support for the revolutionary army, invariably appealed to the people's masses, thereby emphasizing the soldiers' unity with the people. The army and the people want change--such was the Leitmotiv of S. Bolívar's speeches.

His struggle for the creation of an army of the new type, inspired by freedom-loving ideas and closely connected with the people, initiated two traditions in the interpretation of the military's role in the life of society.

Throughout history military patriots have repeatedly turned to the ideological heritage of Bolívar, struggling against the endeavor of the ruling classes to turn the army into a tool of antipopular and antinational interests. They have seen in the traditions of the liberation army of Bolívar's time justification and support for their plans--to put the armed forces at the service of national interests and make them an important factor of anti-oligarchic and anti-imperialist transformations.

But there also exists another tradition, at the sources of which were those who endeavored to prevent the conversion of Bolívar's liberation army into a powerful factor of social transformations. Operating with the slogans of civilism, that is, civilian forms of rule, they portrayed Bolívar's liberation army virtually as the main force threatening the republican institutions and clearing the way for tyranny. Thus in 1827 the newspaper of the supporters of Santander, EL CONDUCTOR ("The Leader"), made crude attacks on the army, charging it with the fact that the military was interfering in the affairs of state administration, with which it should have nothing to do. Another Sanandrist newspaper, EL DEFENSOR DE LAS LIBERTADES COLOMBIANAS ("Defender of

"Colombian Liberties"), was particularly indignant at this same time at the fact that Bolivar's main headquarters was the initiator of many important decrees and orders which were allegedly the sole prerogative of the civilian authorities. These press organs demanded liquidation of the standing army or its conversion numerically into a purely symbolic institution.

While persistently "appealing" to freedom, Bolivar's enemies did not take great pains to conceal the fact that they were guided by the highly prosaic motives of protection of their privileges and wealth from the claims of "the mob". And the position of the army, they asserted, was encouraging the activity of the "dregs of society" inasmuch as in the ranks of it itself were many "Jacobin-sansculottes".<sup>23</sup> Describing the demands for change by the army and the people and clearly referring to Bolivar, Santander himself wrote: "This is a result of the anarchy in which they wish to train the people and the army, inciting them to subversive actions and speeches."<sup>24</sup>

At the same time Bolivar's opponents endeavored to split the ranks of the liberation army and set the soldiers against Bolivar's revolutionary plans. They were not unsuccessful here in playing on the ambition and property instincts of a variety of caudillos and nouveaux riches, who were using service in the army to satisfy their political ambitions and for enrichment.

The current history of Latin American countries provides many examples of the most orthodox civilists from the camp of the bourgeoisie abandoning their "unshakable" principles with unusual ease, calling on the armed forces to leave their barracks to defend the interests of the exploiter classes.

Bolivar emphatically and irreversibly denied the army such an antipopular function. For him it meant the end not only of the army as a reformist force but also of his ideal--the creation of a republic which would be founded on the principles of social justice and equality. "If the army dies," Bolivar said with profound anxiety, "the republic also will die with it."<sup>25</sup>

The growing interest in Bolivar's views on the problem of the state and its structure and institutions testifies to the consonance with our time of his ideas concerning the state system.

In his work "The Problem of the Creation of a New Democratic State in Latin America" K. Almeida, a prominent figure of Chile's Unidad Popular, emphasizes that the building of an antifascist, anti-imperialist, popular and revolutionary state should also incorporate Bolivarian traditions. And he sees these traditions in the creation of strong and independent states which would see the unity of Latin America as an effective means of struggle "for common goals and against common enemies."<sup>26</sup>

The interest which is being displayed by progressive forces of the left in the projects of the state system developed by Bolivar is explained by the fact that he put forward a concept of the state which in spirit and thrust tended to go beyond the framework of bourgeois orders. It is interesting to note that comparing Bolivar's ideas in the sphere of the state system with

traditional bourgeois theories, back in the last century the outstanding Puerto Rican scholar and public figure Eugenio María de Ordez noted the fundamental difference and originality of his views on the state.<sup>27</sup>

Bolívar's concept of the state emanated primarily from a recognition of the absolute priority of the principle of equality in society. Bolívar called equality the law of all laws. "In the name of equality," he said, "we must consent to sacrifices. I have put shameful slavery on the altar of equality."<sup>28</sup>

S. Rodríguez, the profound and shrewd critic of the capitalist orders which have come into being in Europe, wrote: "There is no freedom where there are proprietors, nor can there be prosperity where blind chance disposes of man's fate in society." He counterposed to the society based on the "amoral," in his words, principle of "each for himself and God for all" a society of a "new social civilization" whose leading principle would be: "let everyone think of others, and then everyone will think of him."<sup>29</sup>

In Bolívar's concept of the state a particular place is occupied by the problem of the institutions of "moral authority". In his speech at the opening of the congress in Angostura he proposed, besides the classical separation of powers, creating special institutions of "moral authority" which structurally would be divided into two bodies: a "Chamber for Morality" and a "Chamber for Social Education". In the draft constitution of the Republic of Bolivia Bolívar confirmed his adherence to such institutions, proposing the creation of a "Chamber of Censors".

It is significant that at the time these ideas were put forward Bolívar's opponents accused him of endeavoring with the aid of such authority to establish a dictatorial regime and, at times, to create in barely veiled form a monarchy. Somewhat later the Venezuelan sociologist L. Vallenilla Lanz in his book "Democratic Caesarism" (1919), which became a kind of Bible for Latin American dictators, deduced, referring, *inter alia*, to the institutions of "moral authority," a particular sociological "Bolivarian law," according to which dictatorial regimes are fatally inevitable in practically all countries of Latin America. He substantiated this law by the mentality of the people's masses, which, by virtue of their "inclination" toward anarchy and destructive actions, allegedly need the rule of a strong man.<sup>30</sup>

In fact, however, the institutions of "moral authority" contained the ideas of the primacy of the common well-being over private well-being and social equality as the basis of a just state system which were dear to Bolívar and which he had truly arrived at through suffering. The well-known writer and current affairs commentator of the last century, J. Irasarri, a Guatemalan by birth, wrote in the book "A Critical History of the Assassination of the Marshal of Ayacucho" (1846) that Bolívar and his closest comrade in arms, Sucre (marshal of Ayacucho), aspired to the creation of a state in which the people would be the creative force of society, whereas the oligarchy, in his sarcastic observation, saw "democratic republics without the people" as its ideal.<sup>31</sup>

It was precisely faith in the tremendous potential of the people which explained Bolívar's endeavor to establish a "Chamber for Social Education". This

chamber, which in terms of the thrust of its activity would essentially have performed the functions of a ministry of public education, was to cater for the compulsory universal education of children up to the age of 12, raising the younger generation "in a spirit of understanding of the rights and duties of a man and citizen."<sup>32</sup> Bolívar saw in the introduction of the people's masses to knowledge and education an exceptionally important factor of a strengthening of the principles of social equality and the creation of the prerequisites for the people's more active participation in the administration of the state. Opposing "censal democracy," he emphasized with all certainty: "Knowledge and honesty and not money--these are what he who serves society needs." It was not fortuitous that Bolívar's opponents gave his proposals a hostile reception, accusing him of an endeavor to socially elevate "the mob".

Guided by the interests of the people's well-being, Bolívar endeavored to create a state which, as he said, could survive its founders and make "justice the primary law of nature and a universal guarantee for the citizens."<sup>33</sup>

J. Rodríguez saw Bolívar's policy as the embodiment of the principles of "social civilization". Whereas in Western Europe the "social question," in the sphere of education included, was tackled by way of the creation of work-houses, the imprisonment of paupers or the distribution of free soup, Bolívar, in his words, aspired with the aid of schools of the new type to raise citizens who were called on to lay the foundations of a new state based on the principles of social justice.<sup>34</sup>

Indeed, Bolívar's social legislation and his plans for the state system are imbued with the aspiration to prevent the pauperization of the people's masses under the influence of the process of primary accumulation and the deepening of social inequality in society. Naturally, under the specific-historical conditions in which Bolívar lived and operated his ideas concerning the state were objectively close to the views of the representatives of utopian socialism.

Bolívar's historical greatness is that in his struggle he accomplished a breakthrough into the future and was at the sources of the traditions which are now adopted by the truly progressive forces.

Bolívar's implacable position in respect of the policy of the United States in Latin America may serve as a striking example.

The 1902 Falklands (Malvinas) crisis graphically revealed the hostility of the ideologists of pan-Americanism to the true interests of the peoples of Latin America. Supporting the imperial ambitions of the ruling circles of Great Britain in its conflict with Argentina, the United States confirmed its policy for the umpteenth time, which means in practice for the Latin American peoples the notorious Monroe doctrine. As is known, in his message to Congress of December 1873 U.S. President R. Hayes declared the intention of this country's ruling circles to prevent the interference of the European powers in the Holy Alliance in the internal affairs of states of the Western hemisphere on the pretext that this part of the world was destined to be a bastion of republican and democratic principles.

But only a short time had elapsed before it became perfectly obvious that U.S. ruling circles were endeavoring to bring the young Latin American states under their control and turn them into a target of their political and commercial expansion.

In the increased criticism to which American imperialism was subjected in Latin America in connection with its stand at the time of the Falklands (Malvinas) crisis there were repeated, like a leitmotiv, Bolívar's well-known words that it was as if "Providence itself has foreordained" the United States "to bring disaster down on America disguised in the name of freedom".<sup>35</sup> These words, which have now become prescribed reading, have been recalled and quoted, as a rule, in the general context of Bolívar's ideas concerning the creation of a federation of the young Latin American states in which there should be no place for the United States. Thus at the time of his visit to Managua in July 1982 Venezuelan President Luis Herrera Campins emphasized that the United States, "having taken the side of the imperialist and colonialist aggressor," had prompted Latin Americans to review their relations with it within the framework of the Inter-American system.<sup>36</sup>

Bolívar's negative attitude toward North American official institutions being a model to be followed by the young Latin American states is widely known. The peoples of Latin America should not be guided by the "code of Washington," Bolívar said, but by their own laws and customs.<sup>37</sup> Defending his projected state system, he declared: "We cannot in the least achieve Colombia's happiness with the laws and customs of the Americans." At the same time, however, Bolívar's opponents from the camp of the Latin American oligarchy saw U.S. official institutions, on the other hand, as an example to be emulated.<sup>38</sup>

Bolívar's dislike of U.S. social institutions was explained primarily by his sharply critical attitude toward slavery, which was sanctioned by the North American constitution. He saw the existence of slavery as incontrovertible evidence that a privileged minority kept in a state of oppression the majority of the population, for which there was neither freedom nor democracy. Naturally, Bolívar, as a supporter of Rousseau's revolutionary-democratic teaching in equality and freedom, could not have sympathized with a constitution based on abridged popular sovereignty and racial oppression.<sup>39</sup>

There is nothing surprising in the fact that with its claims to the role of protector of freedom of Latin America the United States initiated a bitter struggle against Bolívar's independent federative plans. Obviously this struggle was waged under the flag of the protection of democratic and republican institutions in the interests of empire and against Bolívar's "Imperial and dictatorial" ambitions. In fact it was a question of the ruling American elite's endeavor to liquidate Bolívar's revolutionary plans, prevent the accomplishment of profound social transformation in the interests of the oppressed masses and frustrate the possibility of the creation of strong and independent Latin American states. They jolted with particular distaste Bolívar's plan to convene a Pan-American congress, which was aimed in to lay the foundations of a firm alliance of young Latin American states. Particularly unacceptable to it was the fact that within discussions of this unity, according to the well-known credo of the United States, the principle of "democratic constitutionalism".<sup>40</sup>

For an understanding of the true motives by which U.S. ruling circles were guided in their struggle against Bolívar much may be provided by an analysis of the activity of North American diplomats in Latin America. Thus an active purveyor of U.S. policy based on the principles of the Monroe Doctrine, W. Tudor, consul general in Lima, reported to the State Department (February 1827) that "nothing is more popular among the slaves than a direct threat to North American slave owners, and he described Bolívar himself as a "natural enemy" of the United States. These sentiments were incarnated elsewhere in Bolívar's liberation army, in which, according to him, "the soldiers and many officers bear a considerable stamp of African blood" and for this reason will inevitably have a hostility to Uncle Tom's regard for the institution of slavery.<sup>41</sup> U.S. Ambassador to Spain A. Everett declared (1827) that "a talented and skillful attorney would at the head of negroes be, naturally, one of those whom we would wish to free as a bullock."<sup>42</sup>

North American oligarchs' interest in the internal affairs of Colombia and other Latin American countries. Thus Secretary of State H. Clay demanded in a speech to Congress (22 January 1828) the disbandment of the Liberator's army, with an allegedly threatening the cause of freedom and the reorganization of "federal confederation" in the country.<sup>43</sup> The activity of General Harrison, the American ambassador in Colombia, was of similar character, as he endeavored to dissuade Bolívar from the formation of the First of November army and to disrupt those who actively participated in the organization of conspiracies for independence banded out of the country in the first half 1828.

Based upon the activities of the British oligarchs mentioned above in their favor, the British economic and political establishment in similar or the same country, i.e., Brazil, concurring with the majority of the royalists from the upper classes, worked through their agents there, military and naval, for the "Confederacy" which had also British adherents.<sup>44</sup>

British oligarchs, regarding the same time economic control of ports and ports, the economy and political representation Army, whose stations in Central America and in Latin America contributing greatly to greater concentration in USA... Britain and the Americans and Americans to other groups of oligarchs whose role of leaders in post-war retribution and the vindication of their claims, mainly due to the victory, namely, 1848, over the French and Americans, with which originally the United States is called on to end the monopoly of British American colonies.

On questions on 1848 and 1850 from Consul General in Mexico that in 1848 the USA are neutral in the South American... the American Ambassador reported that "despite the official neutrality of the country that there can be no question about the fact that maintained in the south, the United States immediately backed up the South," noting further that "in the United States and particularly in the representatives from the Southern states of the USA in the same that they supported the Southern Confederacy in maintaining their rights and their, and mostly, perhaps,<sup>45</sup> due to the important place of the conflicts between Britain and the other European powers and caused to a certain extent the war of 1848 in the USA, in the southern... The result of the American situation

However, under all circumstances the ruling circles of Britain, as in the United States, had a hostile attitude toward Bolívar. After all, it was he who had endeavored to prevent the Republic of Colombia becoming a trading factory of the foreign powers and their raw material appendage.

#### FOOTNOTES

1. SIX (Caracas) No 446, 1982, p 242.
2. "Simón Bolívar. Libertador de la América del Sur por los más grandes escritores americanos Montalvo, Martí, Rodo, Blanco, Pombo, García Calderón, Alberdi," Madrid-Buenos Aires, 1914, p 76.
3. J.G. Portoul, "Historia constitucional de Venezuela," Caracas, 1930; vol 1, pp 600, 612, 677.
4. See TIEMPO (Bogota), 27 February 1983.
10. "Orígenes de los partidos políticos en Colombia," Bogota, 1978, p 37.
20. S. Bolívar, "Selected Works," Moscow, 1983, p 116.
21. See DIALOGO SOCIAL, Panama, February 1983, p 15.
22. S. Bolívar, "Obras completas," Havana, 1950, vol III, p 755.
23. See L. Vargas Tejada, "Recuerdo Histórico," Bogota, 1978, pp 19, 164-165.
24. "Cartas y mensajes de Santander," pp 368-369.
25. S. Bolívar, "Obras completas," vol II, p 590.
27. See I. Llevano Aguirre, "Bolívar," Caracas, 1974, pp 419-420.
28. S. Bolívar, Op. cit., p 145.
29. S. Rodríguez, "Obras completas," Caracas, 1975, vol 2, p 178; vol 1, p 228.
30. See I. Vallenilla Lanz, "Cesarismo democrático. Estudio sobre las bases sociopolíticas de la constitución efectiva de Venezuela," Caracas, 1952, pp 1-1, 108-109.
31. See J. Irasarri, "Historia crítica del asesinato del gran mariscal de Ayacucho," Havana, 1966, pp 101-102.
32. See L. Lozuriaga, "Origen de las ideas educativas de Bolívar y Simón Rodríguez," Caracas, pp 11-12.
33. S. Bolívar, Op. cit., pp 141, 162.
34. See S. Rodríguez, Op. cit., vol II, pp 356-357.

35. S. Bolivar, Op. cit., p 169.
36. See BARRICADA (Managua), 20 July 1982.
37. See S. Bolivar, Op. cit., p 82.
38. Ibid., vol III, pp 272-273.
39. It is interesting to note that S. Rodriguez saw a kind of symbol of the United States in the man who with one hand was showing kings an icebox and in the other was holding a whip over a negro bowing at his feet (See S. Rodriguez, Op. cit., vol I, p 342).
40. See I. Lievana Aguirre, "Bolivar," 1974, pp 418, 419.
41. "Diplomatic Correspondence of the United States Concerning the Independence of the Latin American Nations," Ed. N.R. Manning, New York, 1925, vol III, pp 1818-1819.
42. KO'EYU LATINOAMERICANO No 25, Caracas, 1982, p 6.
43. See "Bolivar y su epoca," Caracas, 1953, vol II, pp 124-125.
44. M. Samper, "Ensayo sobre las revoluciones politicas y la condicion social de las repúblicas colombianas (hispano-americanas)," Bogota, 1869, p 19.
45. RESUMEN No 452, Caracas, 1982, p 39.
46. See S. Bolivar, Op. cit., vol II, p 95.

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## AUTOMATION PROGRESS IN JAPAN'S ECONOMY EXAMINED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 112-120

[Article by N. Maslov: "Directions and Problems of Automation in Japan"]

[Text] Automation is a principal direction of the scientific-technical revolution in present-day Japan. Brought about by the limited supply of manpower and its relative costliness, it is contributing to a reduction in outlays and the increased productivity of live labor and is operating as a process of the further replacement of manpower by self-regulating machines and live labor by embodied labor. As the specifications of the machinery are enhanced, highly efficient modifications are appearing which possess new properties and which are based on the latest achievements of microelectronics, and at the same time there is a reduction in the cost, an expansion of the sphere of application and an increase in demand for means of automation and the volume of their production. Automation is becoming a serious factor of maintaining the viability and strengthening the competitive positions of many sectors and processes, and production of the means of automation itself is a new dynamic sector stimulating the process of the structural reorganization of the Japanese economy and its adaptation to the new conditions which had evolved by the start of the 1980's.

### Changes in the Manpower Market

The automation of production (understood as a process of the transfer to mechanical facilities together with functions pertaining to processing the subjects of labor also of control and supervisory functions at all levels of social production) began in postwar Japan with a variety of instrumentation. It was used to maintain preset conditions of production processes and the optimum operation of machinery and equipment. Semi-automatic lines and transfer machinery and automated systems for ensuring continuous production appeared in the 1960's; automation of the management sphere with the aid of computers began. The current stage of automation is connected with the extensive development of microelectronic equipment.

Whereas in the 1950's a capital-saving type of development of the economy was maintained in a number of processes with the aid of partial automation,<sup>1</sup> as of

the mid-1960's employers' attention switched increasingly to the problem of reducing labor expenditure and manpower costs. Possibilities of enlisting in the wage-worker sphere new workers at the expense of agriculture and small-scale enterprise in the cities and also as a consequence of the postwar baby boom had begun to slacken by this time. Continuation of the practice of expanded hiring had led at first to the resorption of the previous manpower surplus and subsequently to the creation of a situation wherein the demand for manpower had exceeded supply for 8 years running (from 1967 through 1974).<sup>2</sup>

This was a most favorable period for the workers' struggle for increased wages. By the mid-1970's the Japanese worker's wages were approximately 60 percent of the U.S. level and had surpassed the level of the main West European countries, except for the FRG.<sup>3</sup> The continuation of this trend is determining to a large extent Japanese employers' attitude toward automation. The more so in that there has been a sharp change within the country since the war in the correlation of expenditure per unit investment of labor (1 man-hour) and capital (see table). By the start of the 1980's a unit of industrial private capital investments had come to cost (in current prices) 2.4 times more than in the mid-1950's, whereas the cost of manpower in the same period had risen by a factor of 15.6.

**Changes in the Cost of Manpower and Industrial Private Capital Investments  
(1955 = 100)**

	<u>1960</u>	<u>1965</u>	<u>1970</u>	<u>1975</u>	<u>1980</u>
1. Industrial private capital investments deflator	120	125.7	139.7	208.8	243.6
2. Wage index in current prices*	131.7	216.3	411.5	961.5	1,418.3
3. Index of hours worked per month per employee*	104.1	99	96.4	88.5	90.9
4. Index of manpower cost (2:3)	126.5	218.5	426.9	1,086.4	1,560.3
5. GNP deflator	119.6	153.3	196.2	315.8	392.4
6. Relative capital investment costs (1:5)	100.3	82	71.2	66.1	62.1
7. Relative manpower costs (4:5)	105.8	142.5	217.6	344	397.6

\*For enterprises employing 30 and more people.

Estimated from "Kokumin setoku tokey nempo," Tokyo, 1978, pp 108-111; "Kokumin keydzay keysan nempo," Tokyo, 1982, pp 84-85; "Rodo tokey eran," Tokyo, 1980, p 88; 1981, pp 88, 162.

Of course, the qualitative characteristics of manpower in Japan have undergone considerable changes in the past 30 years, which has been reflected in the growth in wages to a greater or lesser extent. However, the more than sixfold discrepancy in relative capital investment and manpower costs could not have failed to have been reflected in the style of management of the companies and the shifting of priorities in the organization of production.

In their investment policy companies are oriented toward the introduction of labor-saving equipment and technology and the comprehensive and complete automation of production and management. From the mid-1960's through the end of the 1970's appropriations to this end increased from 15-17 to 26-28 percent of all capital investments in equipment, exceeding the investments in increased production capacity. According to surveys conducted in the latter half of the 1970's and at the start of the 1980's, more than one-third of those polled cited efficiency promotion and a reduction in expenditure on manpower as the main motive for investments in equipment.<sup>4</sup> This direction strengthened particularly in connection with the 1974-1975 crisis and the 1981-1982 recession. It is significant that, following the crisis of the mid-1970's, capital investments in efficiency promotion within the framework of measures to "cut away the fat" provided primarily for a reduction in the number of those employed and on the eve and at the outset of the 1980's for a limitation of "wage costs". The latter line is expressed in the increase in the production and use of machine tools with digital program control (DPC), industrial robots, office and personal computers and other modern means of automation.

#### Development of Microelectronics

The enumerated facilities and also electronic medical equipment, home sound-reproducing and electrical equipment and so forth using microprocessors<sup>5</sup> in their control systems are united in Japan by the general concept of "mechatronics" (from a combination of the words mechanics and electronics). The development of mechatronics was ensured by the successes of Japan's microelectronics industry, which by the mid-1970's had assimilated the mass production of large integrated circuits.

The unusually rapid decline in the prices of integrated circuits and, together with them, of the equipment for automation brought about, as Japanese economists observe, the start of a new wave of technical renewal. In this connection electronics is increasingly called "the strategic sector for maintaining the spirit of renewal and the vitality" of the Japanese economy, the "engine" of structural reorganization and so forth. It is sufficient to say that integrated circuits, all the main means of production mechatronics and also computers, electronic means of communication and light-sensitive and precision chemical materials intended for use in electronics industry were among the progressive commodities characterized by a particularly rapid growth rate (2-3 times and more in excess of the GNP growth rate) in the latter half of the 1970's.

A big role in the coming into being of the electronics industry (and the production of mechatronic facilities) has been performed by government programs, which have been developed in this sphere since the start of the 1970's. Special plans for the development of electronic-calculating equipment began to operate in 1972 within the Ministry of Foreign Trade and Industry framework. The last of them (the third, adopted in 1979 and based over 4 years) was aimed at the development of integrated circuits with a very high degree of integration for use in fourth-generation superpowerful computers. The "Law on Special Temporary Measures To Stimulate Electronics Industry and Machine-Tool Production" was enacted in 1971 and the "Law on Special Temporary Measures

To Stimulate the Machine-Information Sectors" in 1978. Among the sectors which it covers and which enjoy state financial support are the production of electronic parts and instruments and machines and mechanisms and also the development of programs for specialized electronic facilities and the training of specialists for accelerated mechanization and efficiency promotion based on the use of electronics. A 6-year project with the participation of state and private capital in the sphere of combination of the achievements of electronics and illumination engineering--for the development of optoelectronic integrated circuits--has been operating since the end of 1981.

State policy aimed at supporting not the fading but progressive, promising sectors, the companies' endeavor to increase their share of the sale of new products, increased spending on R&D and the increased role of R&D proper have led Japan's electronics into the foremost positions in the capitalist world. The production of integrated memory circuits, a most important component of computer and other electronic systems, is developing particularly rapidly. The manufacture of random-access memory (RAM) silicon chips with a capacity of 16 kilobits (K bits) was followed by the assimilation of the production of the first generation of superbig integrated circuits (SBIC)--RAM chips with a capacity of 64 K bits. Thanks to the increased scale of production, the price of one merely from the end of 1980 through the end of 1981 declined from 20,000 to 2,000 yen and a year later by a further 50 percent.

The leading Japanese electrical engineering companies have announced plans to begin as of mid-1983 the commercial production of even more accomplished RAM chips with a capacity of 256 k bits, whose initial price, it is expected, will be approximately 10,000 yen each. The capacity for their production which had already been built or is being built will put Japan among the world's top SBIC producers. Reports have appeared that the Toshiba company is for the first time in the world organizing the production of RAM with a capacity of 1 megabit (M bits), while Nippon Denki has developed the base technology for the production of RAM with a capacity of 4 M bits. According to statements of company representatives, hand-held computers based on such RAM will be capable of replacing the current medium-sized and large computers.<sup>6</sup>

Even greater attention will be paid in the future to the development of electronics and the sectors connected therewith. Microtechnology (SBIC's, biotechnology and such), information technology (computerization and the transmission of information) and composition technology (mechatronics for automation)--these three subjects have been chosen by the Ministry of Foreign Trade and Industry as the main ones in the long-term program of the development of science and technology, the so-called "new generation industrial technology development system," which is intended to contribute to the further upsurge of the technical level of the economy and the accomplishment of the tasks which will confront the country by the start of the new millennium.

#### Mechatronics in Production

The most pronounced direction of automation in Japan and the one which is attracting the attention of foreign competitors most is the use of industrial robots. Their production was initiated by foreign technology imports. The

first American-made robots appeared on the Japanese market in 1967, and in 1968 Kawasaki (dzyukoge) acquired a license from the American Unimation company and the next year began to manufacture the country's first industrial robots under the name of the "Kawasaki Unimate," which performed spot welding operations.

The comparatively high prices and narrow specialization of the first models did not contribute to a broadening of demand for robots. However, research aimed at perfecting them continued. Some 1.5 times fewer robots were produced in 1976 than in 1973, but their overall cost exceeded the 1973 level, and the price of a single robot had on average almost doubled. Given the trend toward a reduction in costs, this meant an increase in the proportion of all-purpose, easily readjustable robots of a higher class--with digital control--and reproducing--capable of memorizing information built into them and repeating operations "known" to them. In 1977 total sales and the number of robots produced (to 966 at a cost of 5.2 billion yen), and in 1980 further increased by a factor of 2.5 (to 2,452 at a cost of 13.9 billion yen).<sup>7</sup>

Altogether approximately 130 companies are currently engaged in Japan in the production of industrial robots--more than in all the remaining developed capitalist countries together. Japan is also outpacing its main competitors in terms of the prevalence of industrial robots. However, 10-fold superiority to the United States in this sphere (as follows from a direct comparison of national statistics) is a manifest exaggeration. The point being that, in accordance with the American classification, "automatic machines" performing a simple repeat operation according to a program which cannot be changed are not included among the robots, where in Japan they constitute three-fourths of all robots. Putting the Japanese data in a more comparable form (14,000, 7,000 of which are reproducing and other robots of the highest types) shows that by the start of the 1980's there were three-four times more robots in Japan than in the United States or the FRG.

Almost all the robots are used in processing industry. They exist mostly (in terms of cost) in auto assembly (33.4 percent) and electrical engineering (28.7 percent); after these come (percentage): production of synthetic fibers (9.9), metal working (6.3), general engineering (5.9), ferrous and nonferrous metallurgy (5.3) and precision engineering (2.3). They perform assembly, cutting, polishing, pressing, resin molding, spot and arc welding, pressure chill casting, materials handling and other operations. In the very near future an increase in demand is expected in other spheres not connected with industrial production: warehousing and port operations (particularly for "moving robots"--hoists without drivers), construction, development of the ocean and such.

If we address the subjective factors which in each specific case proved decisive in the acquisition and use of industrial robots, according to the data of polls of companies, the following correlation (percentage) is obtained: the increased efficiency of the robots (94), guaranteed product quality and the increased equipment-use factor (69.7), labor safety (52.8) the increased manpower shortage (4), increased production flexibility (39.7) and others.<sup>8</sup>

By the start of the 1980's the cost of an industrial robot of the reproducing type had fallen to the 10 million-yen barrier, which was unattainable in the recent past. If expenditure per workers constitutes 3 million yen a year and a robot works a continuous three shifts, expenditure on its purchase could be justified in the very first year of operation (in accordance with the same calculation, it was 4 years at the start of the 1970's). And in the auto industry, where the average annual wage is rising to 4 million yen, a one-arm robot (costing 10 million yen and with a 5-year depreciation period) performing the work of two-three men justifies itself even more quickly. In an event, with regard for readjustments, maintenance, incomplete use and other losses, expenditure on a robot would be recouped in the first 2 years of its operation, and the opposite trends of the change in the costs of manpower and robots are giving rise to companies' further interest in the use of the latter.<sup>9</sup>

Despite the many advantages (from the employers' viewpoint) which robots have compared with workers, they are still inferior to man in the performance of a number of operations which, although seemingly simple, require adaptation to deviations from a limited number of standardized provisions and conditions. If robots learn to "see" and distinguish objects and, guided by this information, make independent decisions, they will be able to be used on production lines--one of the most laborious processes. The leading producers (Mitsubishi Denki, Fujitsu [fanuk] and others) have concentrated their research efforts on the creation of such "intelligent" machines. According to some estimates, the proportion of "intelligent" robots will constitute 14 percent in cost terms in 1985 and 23 percent by 1990.<sup>10</sup>

There are reports that in West European countries robots are superseding other means of production mechatronics.<sup>11</sup> We may hardly speak of such a process in Japan, where simultaneously with the development of robotics the production of machines with DPC and machine centers created on the basis of their amalgamation has come to be expanded rapidly. From 1970 through 1979 the number of machine tools with DPC installed in a year increased more than fivefold (to 8,336), and their share of the cost of newly installed machine tools rose from 8.3 to 35.3 percent.

A promising direction is the creation of a special DPC device which does not need preliminary programming or the use of special computer language. The Yamazaki and Okuma machine-tool companies announced the manufacture of machines fitted with such a device in the summer of 1981. Control of this device does not require special training and can be mastered in 1-2 days by a worker who is capable of working at an all-purpose lathe.

The combination of fully automated lines and sections is leading to the appearance of a completely new form of the organization of production which is the logical culmination of the current "race" to automate industrial enterprises--the creation of people-free plants. Sumitomo Denki, which in 1980 organized the world's first people-free production of cutting plates from superhard alloys, believes that this secured a fivefold increase in productivity. Toshiba (tangeloy) has begun the analogous production of metal-cutting machine-tool mounts at a plant in Kawasaki, at which from 10 in the evening through 8 in the morning there is not a single person, even an observer.

The same Toshiba company has fully automated its plant for the production of ventilators in Nagoya, cutting the number of employees from 64 to 5 and tripling production. There are more and more examples every year. Many other firms, particularly the producers of machine tools with DPC and machine centers, and also auto and electrical engineering and ship- and aircraft-building firms, the producers of home radio engineering products and others are studying the possibilities and planning or implementing the complete automation not only of individual sections but entire plants even.

The main direction in the improvement of people-free production is the creation of so-called flexible production systems which are intended to ensure the full automation of production consisting of small series of different products. In addition to robots and machine tools with DPC such a system incorporates automated equipment for shipping and loading-unloading materials and also sensors--automatic devices replacing man's sensory organs and observing the operation of all components of the system.

It is precisely thanks to the refinement of sensors not requiring big computers to process the data obtained from them that small-scale (at a price of up to 100 million yen and consisting of two-three machine tools and conveyors) fully automated flexible production systems have been appearing in Japan since 1982. They are designed for small and medium companies and have the broadest prospects.

#### Automation of Institutions

Just as in other spheres of Japan's social production, the tasks of a direct and indirect reduction in costs confront the vast sphere, which is not confined to a sectorial framework, of office and managerial work. In 1970 it (including wholesale and retail trade) employed 51.6 percent and in 1980 some 56.5 percent of workers. According to polls of the start of 1980, approximately 90 percent of companies was paying serious attention to an increase in labor productivity in these subdivisions. The overwhelming majority of them considered most important in this question "the mechanization of data processing with the aid of means of automation of the institutions" and "an improvement in the nature of work and its systematization."<sup>12</sup>

As far as the nature of the work of employees is concerned, inasmuch as for the greater part of the time they are engaged in standard operations which do not require the obligatory display of personal capabilities, they can be formalized and transferred to machines. If we group the main types of operation performed by employees, the collection and transfer of information via personal contacts (telephone conversations, reading, meetings, briefings) accounts for only 15 percent of work time, with the help of papers and documents (preparation, completion, verification, registration, copying, printing and making clean copies) 43 percent and work using computers 26 percent.<sup>13</sup> Whence it can be seen where the main direction of the automation of office work lies--transition to the paper-free techniques of data processing<sup>14</sup> with the extensive application of means of automation.

Assertive actions in this direction undertaken in the period of the 1974-1975 economic crisis were the start of the "automation of institutions revolution". The expansion of the limits of automation beyond the framework of information-managerial systems and the use of means of automation where computerization was impossible or complicated embraced not only the large but also small and medium companies. Currently the opinion is widespread that the companies which are lagging behind in this respect will experience a decline in competitiveness in 2-3 years.

According to a poll conducted by the newspaper NIHON KEIZAI SHIMBUN, of 741 leading Japanese companies, more than 50 percent plan in the next 5 years to fully standardize document forms of the subsequent automation of office and managerial work. The Japanese Automation of Institutions Association expects a further annual expansion of sales of all types of office and managerial equipment of 12.6 percent. As a result, by 1985 its total volume could exceed 50 percent of the U.S. level and surpass it even in individual facilities.

Office and personal computers (the sales volume in 1980 and the rate of increase in recent years were 230 billion and 37 billion yen and 31 and 104 percent), facsimile and copying apparatus (approximately 75 billion and 337 billion yen and 34 and 28 percent) and word processors are distinguished among the "pillars" of the current automation of institutions. They are being supplemented by various modernizing types of traditional office equipment, external storage, optical character recognition devices and other facilities, including multifunctional, small and portable facilities.

The office computers used at the present time are comparable in their specification with the general-purpose computers of a decade ago. The rental fee of typical models is roughly equal to the wage of a female employee, while the new ones reaching the market in the 1980's will cost only half as much. Current models operate in data in Japanese and can set out and print accounts and other business records on ordinary paper, selecting independently from connected phonetic hieroglyphic dictionaries. Four percent of companies had their own office computers as of the start of 1981, but the total number of firms availing themselves of their services (mainly in accordance with rental contracts) constituted 12 percent in processing industry, 19 percent in the services sphere and 38 percent in commerce.

Personal computers, whose annual production has almost doubled in the present decade, differ from office computers in that the programs for them have to be compiled by the consumers themselves. However, specialists believe, this is not a serious difficulty for the consumer familiar with electronic apparatus. One-year and 18-month courses for training programmers already operate in certain companies. In addition, personal computers, just like office computers, are beginning to be fitted with voice-input devices (the recent Nihon Denki models distinguish up to 600 words with a recognition factor of 98 percent), and their low cost and the possibility of linkup with companies' central computers with the aid of a telephone connection is enabling the employees to work with them at home, just like in an office. While possessing the capacity of office computers of 3 years back, personal computers cost 10 times less, and their monthly rental does not cost more than 30,000-40,000 yen--a charge accessible even to small companies.

Word processors in Japanese appeared only 3 years ago. These are apparatus for composing (including "by ear") and editing various business papers making it possible to dispense with the work of typists. They can be made to "memorize" a document and subsequently reproduce, correct and print it. A reduction in the cost of word processors in 1981 alone from 6 million to less than 2 million yen is making their use economically justified. It is anticipated that in 1985 their production will be 10 times that of the 1981 level (from 10,000 to 100,000). By this time, as follows from polls, word processors in Japanese will be used by over 50 percent of companies.

The production of facsimile (transmitting drawings, images, pages of text and so forth) and copying machines is assimilated to a greater extent. Some 56 percent of major Japanese companies have the first, and 27 percent of companies plan to develop their own facsimile system. Copying machines are even more widespread: at the start of the 1980's they numbered 1.2 million, and more than 80 percent of firms had sophisticated machines capable of printing on ordinary paper, moreover.

The combination of all the means of automation of institutions is proceeding along the path of the development of private electrical, facsimile, telephone and optical communications and data-transmission systems. A number of large-scale companies ([Teydzin, Torey] and others) had by the start of the 1980's already created such communications systems controlled by computer centers. For the transmission of digital and facsimile information other companies are availing themselves of the services of companies which specialized in electrical communications and program servicing (such as [Nippon densin denva] and others).

The scale of the installation of data input and output terminals, the number of which in individual companies ([Itotyu sedzi]) it is planned to increase to such a level that there is a corresponding device for every two workers (there is currently one for every five), is expanding simultaneously with the communications system. The organization of such a communications system with the extensive spread of the basic means of the automation of enterprises will complete the current stage of the automation of office and managerial work, which will tentatively last until 1990-2000.<sup>15</sup>

Individual examples of the successful introduction of means of the automation of institutions and their advantages compared with other versions of the performance of office and managerial operations still does not mean their really efficient use as a whole. Fascination with the campaign that is under way, considerations of prestige and insufficient preparation or overestimation of their requirements are leading to only 10-20 percent of firms making full use of the means of automation which they have acquired. Furthermore, it is well known that they are frequently purchased not for the purpose of reducing costs but for facilitating the process of the development of new products, accelerating sales and so forth. As a result, according to a survey data, in one-third of cases they are used for 4 and less hours per day, in one-tenth of cases for less than 2 hours per day.

It does not appear possible as yet to evaluate the economic results of the means of the automation of institutions. However, the development of micro-electronics is reason to believe that the process of the reduction in the cost of these facilities will continue, and this means that, even given their incomplete load, many companies will prefer to tackle problems connected with the control and processing of information not thanks to new employees but thanks to the introduction of means of automation.

#### Consequences and Contradictions

The change in the employment structure within companies is the first obvious consequence of automation. Its introduction in institutional practice in the 1980's will, according to the data of the Japanese Development of Means of Automation Association, in 25 percent of cases be accompanied by a reduction in employment, in 70 percent of cases the former level of employment will be maintained and in 5 percent it will increase. Inasmuch as the proportion of white-collar workers among wage earners constitutes more than one-half and continues to grow, at least several million persons face the threat of being squeezed out of their former jobs. The introduction of machines with DPC and industrial robots will lead just as frequently to the release of employees. According to a special survey, in the last 5 years this problem has arisen in 34.4 percent of cases, of which in 27.3 percent the companies moved the workers to other sections and in 7.1 percent of cases had surplus manpower. Only 3.9 percent of firms (according to the results of another survey in respect of machines with DPC) cut the number of personnel.

While having undergone considerable changes in recent years the "Japanese hiring system" as a whole continues to uphold its basic principle--that of "nondismissal". For this reason Japanese companies are pursuing the automation of production and management comparatively easily, not encountering serious resistance on the part of the workers. But observance of this principle obliges them to display concern to find jobs for the permanent (as distinct from temporary personnel with limited rights) personnel which is released. The companies are organizing retraining courses at their enterprises and seconding workers to the manufacturer-plants for them to master new equipment, to the branches, marketing departments and so forth.

However, as the means of automation spread, the problem of acquiring new qualifications is becoming increasingly complex, embracing in a number of cases up to half and more of all employees, including persons of the senior age categories. On the other hand, fewer qualifications are frequently required for performing the former work in automated production. Under the conditions of a departure from the second principle of the Japanese hiring system--payment according to length of service--this means a reduction in wages.

Having encountered a deterioration in business conditions and difficulties in retraining personnel, some companies engaged in efficiency promotion and the automation of production are refusing to reconcile themselves to surplus employment or are implementing such costly measures as the payment of benefits for the "early" retirement of workers approaching the "maximum age". They are selecting for dismissal workers, young ones included, whose qualifications

are deemed "not to correspond to present-day requirements." Such a situation is giving rise to the justified concern of Japan's trade unions, particularly in respect of the automation of the most laborious assembly processes.

The reduction in costs of the material part of mechatronic facilities and the increase in expenditure on their software are increasing the proportion of brain work in Japan's social production. Strictly speaking, the task of an intensification of science-intensiveness, which the state is putting forward as a central task, means in practice an increase in the relative significance of microelectronics and the sectors most closely connected with it. The engines of Japan's economy of the period of high growth rates--heavy and chemical industry--are gradually receding to a secondary position, giving way before the new group of priority sectors. The trend toward the miniaturization of and a reduction in the costs of equipment is coming to replace the growing expansion of production capacity in accordance with the "capital investments engender capital investments" outline.

While the "structurally depressive" sectors with state assistance are dismantling existing capacity (aluminum, textile industry) or reorganizing it for the production of products not conforming to the sectorial profile (ship building), investments in microelectronics and the production of means of automation are increasing. A change in the production engineering structure of capital investments (in constant prices) is observed: investments in machinery and equipment have grown more rapidly since the mid-1970's than in production buildings and installations.

Thus a favorable situation is seemingly beginning to take shape in Japan in which the sectorial and production engineering structure of the capital investments is influencing an increase in the efficiency of the use of fixed capital, revealing on a countrywide scale opportunities for a reduction in the accumulation norm and releasing resources for the solution of serious social problems. However, things are different in reality.

The economic crises of the 1970's sharply disrupted the proportions of the investment process in Japan. The deterioration in economic conditions caused a reduction in the load on production capacity, which, in turn, was reflected in a slowing of its growth and an increase in the average age of the equipment (from 6.56 in 1973 to 8.09 years in 1980 in processing industry). The shortage of capital investments of the preceding decade will evidently be made good in the 1980's.

Investments in economizing on energy and raw material, efficiency promotion and the automation of production will increase to an ever greater extent. The first of these directions means the reorganization of the entire production machinery and requires large-scale and long-term investment efforts not directly connected with an increase in labor productivity. The second direction is not that capital-intensive in the majority of cases, but it should be borne in mind that the process of the spread of electronic means of automation is embracing a wide spectrum of sectors and processes and is still at the initial stage.

The retooling of institutions with the use of mechatronics and means of automation is extending to small and medium companies, management subdivisions, trade and the services sphere, which are lagging behind in terms of the capital-worker ratio, but which concentrate the largest number of employees; the need arises for the creation of an adequate infrastructure in the form of ramified diversified communications networks and so forth.

As a result an increase in the significance of private and state capital investments is planned for the 1980's, and the overall accumulation norm is envisaged at a level inferior only to the 1960-1973 period. Although state plans outline somewhat of an increase in appropriations for medical and social security programs (the latter problem is exacerbated by virtue of the development of the population-aging process), in their share of GNP Japan will, as before, lag behind the other developed capitalist states.

It is expected that automation will be an important instrument providing both in each specific case and on a national economy scale for a reduction in material, capital and labor expenditure. This is precisely why it is being undertaken. However, a considerable proportion of the automated means of production is being created for the production of other automated means of production and securing conditions for their efficient functioning; modern automation is beginning to work for itself.

The latter applies particularly to engineering. The use of mechatronics in these sectors, which manufacture products with a high degree of processing, is accelerating the rate of scientific-technical progress and leading to an increase in expenditure on compensation and modernization, the frequent replacement and rejuvenation of equipment and, as a consequence, the accelerated (compared with other sectors) growth of labor productivity. As distinct from other sectors of the Japanese economy, there is a steady decline in the engineering sectors in the capital-intensiveness factor, despite the growth of capital investments in replacing the work force with fixed capital, and mainly, moreover, not thanks to an increase in the load on production capacity but thanks to the preferential growth of labor productivity compared with the growth of the capital-worker ratio.

Automation is even now performing a noticeable role in an increase in social labor productivity in Japan. The auto industry, the production of home electrical products and certain other sectors have in recent years been obliged mainly to automation for the rapid growth of labor productivity and competitiveness. However, in the sphere of final use of GNP automation is only creating the prerequisites for a reduction in the accumulation norm, but is not synonymous with the process itself; at sectorial and company level it shortens the necessary time, but does not mean a corresponding increase in pay as a whole for the more educated and skilled work force.

As throughout the entire postwar period (with the exception of certain years at the end of the 1950's and in the mid-1970's), wages in Japan are growing more slowly than labor productivity. In the period since the crisis of the mid-1970's through the start of the 1980's they lagged behind with respect to the entire national economy and more than fivefold with respect to processing

industry,<sup>16</sup> continuing the trend of the growth of the norm of surplus value.<sup>17</sup> The present-day automation of production and management and the transition to people-free production serve as the latest means of the maximization of capitalist profit and an increase in the norm of exploitation of the physical and mental labor of the aggregate worker.

#### FOOTNOTES

1. From 1955 through 1981 the capital productivity factor increased from 0.50 to 0.68 ("Sire. Keizai khakuse 25 nen," Tokyo, 1973, p 203).
2. "Keydzay eran," Tokyo, 1982, p 9. By a factor of several times for certain age categories, but for the lowest-paid category of workers aged 20 and under demand remains higher than supply at present also.
3. "Labor Problems and Industrial Relations" ("About Japan," Series 9). Tokyo, 1978, p 16. For processing industry, according to the official exchange rate.
4. "Syue sange no setsubi tosi keykau (sono gendze to kaday)," Tokyo, 1981. p 19.
5. The provision of production and home commodities with microprocessors has been increasing rapidly in recent years. It increased thus in the period 1977-1979 alone: from 10 to 70 percent for facsimile apparatus, from 5 to 40 percent for copying machines, from 10 to 30 percent for electric stoves, from 0 to 11 percent for color TV's and so forth ("Keizai khakuse," Tokyo, 1980, p 379.)
6. See THE JAPAN ECONOMIC JOURNAL 7 September 1982.
7. "Keizai khakuse," Tokyo, 1981, p 500. With regard for all types, including mechanical arms, the production of robots in Japan in the 1980 fiscal year amounted to 19,900 (ELEKTRONIKA No 20, 1981, p 92).
8. KEIZAI No 3, 1981. Data from "Report on an Evaluation of Long-Term Demand for Industrial Robots," prepared by the Japanese Industrial Robots Association.
9. Including small and medium companies, which suffer from the manpower shortage to the greatest extent (4% percent of companies) and which cater for up to 60 percent of the demand for mechatronic production facilities (THE JAPAN ECONOMIC JOURNAL 11 August 1981).
10. TOR KEIZAI 13 February 1982, p 36.
11. See "Annual Engineering and Automation Survey for 1979," UN European Economic Commission, New York, 1981, p 21.
12. The companies gave several answers each. "Keizai khakuse," Tokyo, 1982, pp 302-303.

13. "Khatidzyu nenday no sango kodzo no tembo to kaday," Tokyo, 1981, p 110.
14. The example of Japan's steel companies indicates the attitude toward this problem. The very large [S in nippon seytetsu], which processes 180 million units of paper weighing a total of 1,000 tons annually, initiated a "movement to cut documentation in half," while Kawasaki [seytetsu] is waging "a war to reduce documentation" aimed at putting a complete end to clerical paper work on the one hand through doing away with superfluous paper and streamlining the registration and storage of the necessary paper and, on the other, the use of microfilm, the storage of data blocks in computers and so forth (TOE KEIZAI 16 May 1981, p 37).
15. EKONOMISTO 15 September 1981, p 14.
16. "Keizai eran," Tokyo, 1982, pp 202, 206.
17. According to Japanese economists' recent calculations, the norm of surplus value rose from 43 percent in 1951 to 124 percent in 1960, 170 percent in 1970 and 205 percent in 1975 (KEIZAI No 5, 1980, p 206).

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## SCIENTIFIC CONFERENCE DISCUSSES ARMS RACE, DISARMAMENT, PEACE MOVEMENT

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 138-140

[O. Zaytseva report on meeting of Scientific Council for Studying the Problems of Peace and Disarmament]

[Text] A meeting of the scientific council under Academician P.N. Fedoseyev, vice president of the USSR Academy of Sciences and chairman of the council, was held on 4 March 1983.

The scientific council's activity, P.N. Fedoseyev emphasized, acquires particular urgency at the present time. The situation in the international arena continues to heat up as a result of the incessant attempts of aggressive imperialist circles, primarily the United States, to upset the evolved balance of forces in the world and subordinate the course of historical development to their interests. American imperialism aspires to a further hardening of the confrontation and the unleashing of a qualitatively new, even more dangerous round of the arms race. Washington is interfering in the internal affairs of sovereign states, encroaching on the freedom and independence of the peoples and attempting to organize a "crusade" against world socialism. The decision of the United States and its allies to bring the deployment of American missiles in West Europe this year represents a particular danger.

Counterposed to the adventurist, militarist line of Washington and other participants in the North Atlantic bloc is the consistently peace-loving policy of the Soviet state and the other socialist community countries, which is based on the broadest support of the peace forces of the entire planet.

In this connection the speaker dwelt on the most important peace initiatives recently put forward by the CPSU and the Soviet state. Their purpose, he observed, is to halt a development of events which is dangerous for all mankind, avert the threat of war and achieve a change for the better in international affairs. The peaceful Soviet initiatives are aimed at an honest and businesslike search for mutually acceptable solutions in the interests of a lessening of tension and military confrontation and a limitation of and reduction in arms. Tremendous significance in this respect is attached to the proposals put forward in the Political Declaration of the Prague meeting of the Warsaw Pact Political Consultative Committee, which represent a practicable alternative to the slide toward nuclear catastrophe.

It is perfectly obvious, Academician P.N. Fedoseyev pointed out, that the consolidation of peace and the curbing of the arms race cannot come about of their own accord. The persevering and purposeful action of all peace-loving forces against the warmongers and for the adoption of effective measures to remove the mortal threat is required.

All this determines the tasks of the scientific council and all scholars engaged in the study of problem of peace and disarmament. They are making their contribution to the cause of the struggle for peace both by participation in the world movement against the threat of nuclear catastrophe and their research, which is revealing the vital need to avert it and the existence of objective possibilities among the public forces for achieving this goal.

Concerning the tasks of the scientific council, P.N. Fedoseyev emphasized the need for a strengthening of its coordinating and organizer's role. It is particularly important in this connection to seek the efficient combination of the preparation and publication of serious, fundamental studies on peace and disarmament with the publication of material of an operative nature. The scientific council's scientific-propaganda activity, which is aimed at a foreign audience, could be successful in the event that it is based on fundamental research. He noted particularly in this connection the urgency of the development of the problem of an end to the nuclear arms race in Europe and frustration of the dangerous plans for deploying new American missiles on European soil.

Academician Ye. M. Primakov, deputy chairman of the scientific council, delivered the paper "Soviet Peace Initiatives and Urgent Tasks of the Study of Problems of Peace and Disarmament". Soviet scholars engaged in research work in the sphere of problems of war and peace can do much to increase the purposefulness and effectiveness of studies of the problems of peace and disarmament. The significance of this activity has very many aspects. The council's members are participating actively in a variety of meetings and discussions on various aspects of the problems of war and peace with scholars and political and public figures, among whom there are many persons who exert a definite influence on the development of the foreign policy of their countries' governments.

Academician Ye. M. Primakov went on to touch on questions requiring particular attention on the part of Soviet experts. These were primarily the problem of the stabilization of the international situation and the security of the states belonging to opposite socioeconomic systems. Ye.M. Primakov emphasized in this connection the paramount significance of the establishment of military-strategic parity or rough equivalence between the USSR and the United States and the Warsaw Pact and NATO countries. Under these conditions fundamental significance is attached to the question of how the USSR and the United States view security problems in connection with the establishment of military-strategic parity.

Another problem requiring attention is study of the correlation between domestic factors, primarily economic, and the decisions adopted by the ruling circles of this country or the other in the military-political sphere. It is

primarily a question of the need for an investigation of the role of the military-industrial complex in the United States and certain other capitalist countries, including the degree of militarization of the national economy, the foreign economic activeness of the military-industrial complex and so forth. The economic aspects of the arms race, among which are such little-studied ones as ascertainment of the so-called "economic limiters" of the arms race, also merit special study.

Ye.M. Primakov also noted the need for a study of the new antiwar movements in the world and their social composition, party structure, platform, slogans and specific characteristics. While having features in common with the mass antiwar movements of past stages, the current antiwar movements at the same time differ from them to a large extent. Consideration of these differences is essential in the formulation of our attitude toward this movement also.

Academician Ye.P. Velikhov, vice president of the USSR Academy of Sciences and chairman of the organizing committee for an all-union conference of scientists to save mankind from the threat of nuclear war and for disarmament and peace, reported the basic scientific directions of the conference.\* He called for the further stimulation of Soviet scientists' activity in the cause of the struggle for peace and disarmament.

Prof G.I. Morozov, deputy chairman of the council, dwelt in his speech, which was devoted to its publishing activity, on two points. It is first of all necessary, he said, to step up research into problems of peace and disarmament and bring it closer to practical activity in the sphere of the struggle for peace and exposure of the anti-Soviet fabrications of reactionary scholars of the West. The second point is that the international scientific book market is filled with a huge quantity of bourgeois literature on these issues. Thus according to UNESCO data, there are approximately 400 different research centers in the world engaged in study of the problems of peace and publishing a considerable number not only of reference and periodical but also monographic literature. Many of these works illustrate Soviet policy and scientific concepts unobjectively. Consequently, an important task of the council's publishing activity is explanation to a wide foreign audience of the Soviet state's foreign policy course and the exposure and cogent criticism of anti-Soviet fabrications. The scientific council has done a certain amount of work in this respect, in particular, it has published a number of monographs, brochures and other publications, in foreign languages included (English, German, Spanish, French).

The council is currently publishing several types of publications, among which are the "Peace and Disarmament. Scientific Research" series of fundamental research, the "International Peace and Disarmament" brochure series (both series appear in five languages), monographs published in conjunction with a number of institutes of the USSR Academy of Sciences (USSR Academy of Sciences Institute of World Economy and International Relations, Institute of the United States and Canada, Institute of Oriental Studies, Institute of State and Law and others), material of an operative nature intended for rendering Soviet public organizations scientific-consultative assistance and a number of others.

\* For the work of the conference see MEMO No 7, 1983

G.I. Morozov noted the tremendous assistance rendered the scientific council in its publishing activity by the Soviet Peace Foundation.

Academicians M.A. Markov and D.M. Gvishiani, deputy chairmen of the scientific council, Academician N.G. Basov, Academician S.L. Tikhvinskiy, academician-secretary of the Department of History, A.M. Petrosyants, member of the Armenian SSR Academy of Sciences, U.I. Karimov, corresponding member of the Uzbek SSR Academy of Sciences, R. G. Bogdanov, deputy director of the USSR Academy of Sciences Institute of the United States and Canada, and Prof O.N. Bykov, deputy chairman of the council and deputy director of the Institute of World Economy and International Relations, participated in discussion of the issues on the agenda of the annual meeting.

A session of the Scientific Council for Study of the Problems of Peace and Disarmament Bureau was held on 12 May 1983 which received the reports of the leaders and representatives of the council's section for 1982 and the start of 1983 and their proposed work plans for 1984 and also discussed a number of questions connected with current activity. Various publications illustrating this aspect or the other of the problem of war and peace are prepared, symposia and conferences and joint discussions with workers of practical departments, primarily the USSR Foreign Ministry, are conducted, section members participate in international measures in our country and abroad, and a considerable amount of information-propaganda work is done within the framework of the sections.

The participants in the session noted the need for a further improvement in the organization and coordination of the research work and increased propaganda activity. A proposal concerning stimulation of the council's activity in the USSR Academy of Sciences institutes, on which it relies, and concerning the more intensive interaction of the sections was submitted. Academician P.N. Fedoseyev, chairman of the council, raised the question of the preparation of a number of composite studies, including the role of science in the preservation of peace and the realization of disarmament, the reconversion of military industry and so forth.

The scientific council bureau session adopted a decision on the creation of a new section--"Social Aspects of the Antiwar Movement," of which T.T. Timofeyev, corresponding member of the USSR Academy of Sciences and director of the USSR Academy of Sciences Institute of the International Workers Movement, was appointed leader.

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## 1982 POLITICAL-ECONOMIC INTERNATIONAL YEARBOOK REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 141-143

[P. Khoynik review: "Anniversary Edition of Popular Scientific Publication"]

[Text] The appearance of the anniversary, 25th edition of the "International Yearbook" is reason to ponder the results of the path that has been trodden by and the place of this popular publication in contemporary national literature on international problems.

Indeed, it has achieved much. Since the start of the 1960's the circulation of the yearbook has increased from 25,000-30,000 to 100,000-200,000 copies, which testifies to the growth of readers' interest, which in turn, reflects the increased quality of the publication, the broadening of the subject matter of the articles and an improvement in the supply of material. The fruitful search for new forms of an analysis of international problems and methods of popularizing the results of this analysis should, perhaps, be considered the main service of the group of authors and editorial board of the yearbook, which is prepared by the USSR Academy of Sciences Institute of World Economy and International Relations and published by Politizdat.

The distinctiveness and in many respects uniqueness even of the yearbook is primarily the very nature of this publication. Designed for propagandists and agitators, teachers of the social disciplines, press, television and radio workers and lecturers in and speakers on international problems, it is distinguished by a content and nature of exposition and systematization of the material characteristic of it alone.

The specific features of the yearbook are composed of many components. Separately or in various combinations, they are encountered in other works on international subjects also, but taken together, precisely in the given combination, these features determine "an exterior of uncommon expression".

\*"Mezhdunarodnyy yezhegodnik. Politika i ekonomika" [International Yearbook. Politics and Economics], 1982 edition, Moscow, Izdatel'stvo politicheskoy literatury, 1982, pp 302.

The appearance of this publication is distinguished, we believe, primarily by the organic combination of the scientific, research principle and the propagandist, popularizing style and maximum orientation toward the accomplishment of urgent tasks of the ideological struggle and the defense of the Leninist principles of the USSR's peace-loving foreign policy. The specific singularities of the collection in question also serve the achievement of these goals.

Among these may be put, first, the very intent of this publication, which combines serious scientific analysis with a vast amount of reference material. Thanks to this, the reader, depending on the level of his training and range of interests, has the opportunity to familiarize himself both with the most important international events and the nature of their driving forces. Second, and this is typical precisely of an annual publication, each edition is distinguished by an aspiration to the optimum combination of flexibility presupposing an emphasis on the events, phenomena and facts of the year with continuity in the illustration of problems and the ascertainment of long-term trends in various spheres of world development.

Particular mention should be made of the method of selection of the subject matter, which is based on the problem-regional (or problem-country) principle. Each edition contains several sections, the first of which is devoted to the most important general international problems of the current year, while subsequent ones examine at the regional and country levels the economic and social development and domestic and foreign policy of the three main groups of states of the modern world--socialist, industrially developed capitalist and emergent. In addition, there are regular articles on the work of the United Nations and other major international organizations and conferences and a new reel of international events. Consistent observance of such principles of the shaping of the material ensures the community of the structure and character of all editions of the collection, which although differing depending on the particular features of the corresponding year, are perceived as a whole as a single continuing publication.

It is sufficiently obvious that only a strong group of authors and a highly qualified editorial board are capable of achieving the integrality and stability of this comprehensive work of many years' standing. Mention should also be made of the great deal of work on the preparation of the publication for printing performed in the Institute of World Economy and International Relations by subdivisions analyzing the annual results of world development. The leading international affairs specialists of this institute and other scientific establishments, central party and state authority executives and prominent public figures have articles in the yearbook on the main problems, and scholars from the fraternal socialist countries are also published in it. All this affords readers the opportunity to obtain "first hand" information from the forward edge of science and practice in the sphere of international relations.

The range of problems of the collection is just as multi-aspectual as the sphere of social life examined in it. It is perfectly natural that the attention of the authors of each edition has been concentrated on the distinguishing features of the current stage of the historical confrontation of the two world systems, the powerful movement of the peoples against the threat of

nuclear catastrophe and the struggle for national and social liberation and the consolidation of peace and mutually profitable international cooperation. Much space is devoted to an analysis of economic issues, present-day global problems and socioeconomic and political aspects of the scientific-technical revolution.

All the above-mentioned typical features of a yearbook are also reflected in relief in the content of the edition in question. The book opens with an analysis of general problems of international relations. This section contains the articles of N. Inozemtsev, "Averting Nuclear War--Most Urgent Problem of the Present Day," V. Zagladin, "Communists and the Struggle for Peace," O. Bykov, "The USSR's Foreign Policy and International Relations in 1981," and M. Maksimova, "The Socialist States' Economic Cooperation With the Capitalist States: Results, Problems, Prospects".

The section of the political and economic position of the socialist states contains both a number of problem-oriented articles and also analytical surveys for individual countries. Among the first are the articles of O. Chukanov, "CEMA: 10 Years of the Comprehensive Program of Socialist Economic Integration," B. Stukalin, "The Soviet Book-Emmisary of Peace," and USSR Pilot-Cosmonaut A. Nikolayev, "The 'Interkosmos' Program: Flights of Cosmonauts of the Socialist Countries". Material devoted to individual countries, although organized according to an identical pattern, stresses the main singularities of the development of each state. Thus the survey on Hungary depicts the struggle for the increased efficiency of the economy, while problems of the Lao People's Democratic Republic are examined in the light of the start of the implementation of the first 5-year plan in Laos' history.

The analysis of the situation in the industrially developed capitalist countries also begins with problem-oriented articles devoted to the second year of the crisis in the capitalist world (L. Grigor'yev) and capitalism's currency-finance crisis (V. Shenayev). The specific features of the year in question are also highlighted in the area-study surveys. For example, in the description of the FRG's political life there is emphasis on the exacerbation of the struggle surrounding questions of war and peace; the material on Greece focuses attention on the defeat of forces of the right in the 1981 parliamentary elections; and the article on the situation in the United States, on the other hand, reveals the sources of the increase in reactionary and aggressive trends in Washington's policy. The section on the young national states is constructed in accordance with the same principle of combination of an analysis of long-term problems and current aspects of socioeconomic development. Together with an illustration of the situation in the biggest countries and the greatest "flashpoints" of the developing world this section of the collection accommodates Ye. Dmitriyev's problem-oriented article on the Near East conflict.

The edition concludes with a survey of UN activity in 1981 (V. Petrovskiy), V. Tereshkova's article "The International Democratic Federation of Women and the UN Women's Decade" and the traditional "News Reel of International Events" heading. In addition, the work also publishes in accordance with

established tradition reference material on the new independent states on the political map of the world (in 1981 these were Antigua and Barbuda and Belize).

Even this concise list of the contents of just one book enables us to judge the scale of the publication in question and the level it has achieved. In quarter of a century the "International Yearbook" has earned the authority of a dependable source of information and useful aid in ideological-political work and the readers' trust as a distinctive chronicle of international life. For many people, judging by readers' comments, it has become a desk companion. According to the data of a questionnaire conducted by Politizdat and the current editorial mailbag, it is clear that the yearbook is used not only by the quite extensive range of persons for whom it is intended but a far more mass readership--from those specially interested in international problems to those whom it is helping in general self-education.

While evaluating the material of this edition highly as a whole, the readers express a number of remarks and proposals concerning a further expansion of the subject matter, a deepening of the scientific analysis, the greater qualitative homogeneity of the articles, an increase in the level of information of the reference material and a search for new forms of publications. We would add that it would be expedient to consider the inclusion in future editions of the collection in question of essential illustrations, charts, diagrams, geographical maps and sketches and also a glossary of special terms of the international vocabulary. In brief, despite the obvious merits of the yearbook, it undoubtedly still has much potential for improvement.

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## MEMO BOOK ON WORLD FOOD PROBLEM REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 83 (signed to press 14 Jul 83) pp 143-145

[Yu. Aleksandrov review: "Acute Global Problem"]

[Text] The present historical stage is characterized by the rapid internationalization of economic and social processes. The interdependence between the development of individual countries and the entire world community is increasing, a number of global problems has arisen and is becoming more complicated and the role of international cooperation in their solution is growing. Of interest in this light is a monograph\* in which a most acute problem of mankind, the food problem, is studied on its planetary scale. This first comprehensive work on this subject in national literature was prepared with the USSR Academy of Sciences Institute of World Economy and International Relations as a base by a large group of specialists, many of whom are well known to the scientific community.

The world nature of the food problem is interpreted by the authors not in the simplistic sense that it affects all regions and states but in the fact that its essence in individual countries is conditioned to a growing extent by international factors and that it itself, as a whole, is linked increasingly closely with other such major problems of mankind. Finally, the food position of all states, an improvement in which is impossible without unification of efforts, is being influenced more than ever before by the international situation (p 7).

Analyzing the food problem in the global aspect means studying the forms of its manifestation in different parts of the world and groups of countries with different social systems and then ascertaining the singularities of the interconnections of the principal components. The work in question attempts to examine processes of a world nature, but pays paramount attention to the first part of the task. This is reflected in the structure of the work:

\*"Prodovol'stvennaya problema v sovremenном mire" [The Food Problem in the Modern World] (Exec. ed. V.A. Martynov, V.A. Morozov), Moscow, Izdatel'stvo "Nauka," 1983, pp 287.

its first three chapters are devoted to the food problem in the developing countries, in the center of world capitalism and in the socialist world, while the final chapter is devoted to the question of the possibility and paths of a solution of the food problem as a whole. This approach is entirely justified inasmuch as many individual, but material questions and individual aspects of the subject are as yet insufficiently studied.

Regarding the situation which has come about in the emergent states as the "main manifestation of the global food problem" (p 8), the authors reveal its economic and social content and trends in the sphere of production and consumption. Regional studies show that the food problem in these countries is becoming more complex. It increasingly appears as a set of disproportions whose basis is the contradiction between the changing structure of social food requirements and local agriculture's possibility of satisfying them (p 11). As the book emphasizes, "it would be meaningless from the scientific viewpoint to deduce an indicator of the depth of the food crisis from a simple comparison of indicators of production dynamics "in general" and population growth "in general". Such an approach ignores social and economic processes in their connection with demographic processes, which in sum determine the real parameters of the food crisis" (p 15).

These conclusions make it possible to understand the essence of the problem in greater depth and gain in clearer idea of the ways of solving it. They also prompt the experts to examine not only the internal but also the external cause of the exacerbation of the food situation of the young states. The work shows convincingly that the integration of their agriculture in the world capitalist economy, while lending certain impetus to the development of the production forces, is at the same time increasing the instability of the system of reproduction of the sector and, consequently, the food supply (pp 20-25, 95).

The monograph pays great attention to an analysis of the highly significant changes which have occurred in the agriculture and food strategy of the countries which are the centers of the world capitalist economy. The authors point to the connection of these changes with the world situation (the collapse of imperialism's colonial system and the changes in the nature of the economic interrelations of the former metropoles with the former colonies reflected in the concept of neocolonialism; and the "demographic explosion" of the crisis of traditional agriculture in the emergent states). All this prompted the industrially developed capitalist countries to a sharp increase in their own food production for its use for strategic economic and political purposes. Such phenomena as the increasing role of the transnational corporations in the agrarian sector of the world capitalist economy and the use of food supplies as an instrument of the imperialist powers' foreign policy are thoroughly examined. The new trend in the development of state-monopoly capitalism represented by the Common Market with its characteristic regulation of the conditions of agricultural production at the level of the entire community is also noted (pp 119-129). At the same time it is emphasized that a considerable expansion of foreign trade relations among the leading capitalist countries in this sphere means the emergence of a new knot of interimperialist contradictions.

Chapter three of the monograph, which is devoted to the food problem in the socialist countries, is interesting. Without aspiring to idealize the actual situation, the authors at the same time are entirely right to emphasize the fact that under the conditions of socialism, given universal employment and the fair distribution of social income, this problem is of a fundamentally different nature than under capitalism. It appears as an integral part of the historic task of building a communist society and the harmonious development of the personality.

Examining the question of the possibilities and paths of a solution of the world food problem, the authors rightly proceed from the fact that mankind has vast potential for the development of agriculture and an improvement in food supplies to the people's masses. But this potential may be realized given the implementation of profound socioeconomic transformations, the establishment of a favorable climate in international economic and political relations and the unification of the efforts of all states.

Of course, not all aspects of the subject in question are studied in the book in identical fullness and depth. This applies primarily to interrelations between individual components of the world food problem. Nor have certain questions of those investigated in detail--the connection of the food crisis in the developing countries with the population growth, for example--been entirely clearly developed. As already mentioned, the authors as a whole point correctly to the determining role of social and economic factors in the exacerbation of this crisis. However, the question of what, after all, the actual role of the demographic factor is has remained on the sidelines. It may be supposed that in the traditional agrarian economy of the said states the "demographic explosion" is leading to a direct deterioration in the food situation of the population, while outside it the role of economic and social factors dictating the nature of the changes in the system of social requirements is becoming increasingly determining. For this reason the role of demographic factors in the exacerbation of the food crisis in the developing countries should evidently be evaluated in differentiated manner, depending on the trends and level of their socioeconomic development.

The question of the connection between the situation in agriculture and the demographic factor is relevant to the socialist countries also. The monograph examines predominantly one aspect of this connection--the need for an improvement in the manpower structure and the training of a qualitatively more accomplished type of worker in agriculture.

In addition to this, however, it is important to emphasize that in the USSR and the other European socialist states this task may be tackled only with regard for the growing need for new contingents of the work force for other sectors and on the basis of a constant increase in labor productivity in agriculture opening the way for the release of some labor resources from this sector.

Things are largely different in the Asian socialist countries, where a high concentration of labor resources is observed. However, this question remains basically beyond the experts' attention span. Yet it is of importance from

the viewpoint of the creative application not only in these states but in the developing countries generally of the experience of the Soviet Union and other European socialist countries in the sphere of the fundamental socioeconomic transformation of the agrarian sector is, as the monograph emphasizes, a central task of the strategy of the young states for the coming decades (pp 205-206).

It would also appear that the authors have been insufficiently specific in their examination of the question of the possibilities of an improvement in the food situation in the world with reference to a situation where many of the economic, social and political conditions required for a fundamental change in the production of food for mankind are still lacking. I would have liked in this connection to have seen in the work more forecast data for the coming decades, particularly in respect of the developing countries, world food trade and the structure of world food demand.

In conclusion it should be noted that the book in question, while a serious scientific study, is at the same time written in generally intelligible language. It contains many facts and propositions which could be of interest not only to specialists but also a quite wide readership.

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